

Deaths of Uganda archbishop and Amin ministers bring world condemnation

Deaths in Kampala of the Anglican Archbishop of Uganda and two of President Amin's ministers have brought strong reprobation from the World Council of Churches,

the International Commission of Jurists and the Archbishop of Canterbury, Dr Coggan, among others. There was scepticism about the official version that they died accidentally.

Three men died in road accident, radio says

Feb 17.—The Anglican Archbishop of Uganda and two of President Amin's ministers were killed in a road accident in Kampala today, the Uganda Government announced today.

The Archbishop, Dr J. J. Oboho, and two of President Amin's ministers, Mr. Charles Oboho, Minister of the Interior, and Mr. Wilson Oryema, Minister of the Cabinet, were killed when their car was overturned on a road near Kampala.

The car was carrying the Archbishop, the two ministers and several other officials. The car was travelling from Kampala to the town of Jinja.

The accident occurred on a road which is in a poor state of repair. The car was travelling at a high speed when it overturned.

The Archbishop was killed instantly. The two ministers were killed shortly afterwards. The car was a Mercedes-Benz.

The accident has caused a great deal of concern in the international community. The Archbishop was a prominent figure in the Anglican Church.

The two ministers were also prominent figures in the Ugandan government. The accident has been described as a tragedy.



The Archbishop of Uganda, Dr. J. J. Oboho, whose death was mourned by the General Synod yesterday. Obituary, page 14

After the death of the Archbishop and the two ministers, a presidential spokesman speaking by telephone from Kampala said: "It is a terrible shock to everyone." Dr. Oboho, aged 52, was enthroned in June, 1974 and was only the second African cleric to head the archdiocese which covered Uganda, Rwanda, Burundi and Zaire. A student of the London College of Divinity, he headed the community of three million Anglicans.

Dr. Oboho was a prominent figure in the Anglican Church. He was a member of the General Synod of the Church of England. He was also a member of the World Council of Churches.

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Dr Sakharov receives letter from Mr Carter

Moscow, Feb 17.—Dr Andrei Sakharov, the Russian dissident leader, received a personal letter yesterday from President Jimmy Carter, an unprecedented move that threatens to increase the American-Soviet conflict over human rights in the Soviet Union.

Dr Sakharov said the letter was the first he had ever received from the United States Government. It had been handed over to him at the American embassy in Moscow.

Dr Sakharov showed the original of the letter on White House notepaper to journalists. He said he had sent a reply to the President immediately. The letter was dated February 5 and came in reply to an earlier letter from Dr Sakharov to Mr Carter soon after his inauguration last month.

Dr Sakharov said he had been telephoned by a diplomat at the American embassy and told to do so.

An American official had met him outside the building and conducted him past the police guard. He spent some 30 minutes talking to the diplomat and giving his views on the human rights situation in the Soviet Union.

In his first letter to the President, dated January 21, Dr Sakharov called on him to carry out his pre-election pledges to defend human rights throughout the world. That letter, Dr Sakharov said tonight, was carried to Washington by an American who visited his flat. He gave no further details about the courier.

Dr Sakharov said he regarded the President's decision to communicate with him directly as an expression of support for the human rights movement in the Soviet Union and Eastern Europe. He added: "If he has taken such a step it will not, I think, be an isolated one. After such steps, others always follow."

The President's letter said: "I received your letter of January 21, and I want to express my appreciation to you for bringing your thoughts to my personal attention. Human rights is a central concern of my administration. In my inaugural address I stated: 'Because we are free, we can never be indifferent to the fate of freedom elsewhere.' You may rest assured that the American people and the Government will continue our firm commitment to promote respect for human rights not only in our country but also abroad. We shall use our good offices to seek the release of prisoners of conscience, and we will continue our efforts to shape a world responsive to human aspirations in which nations of differing cultures and histories can live side by side in peace and justice. I am always glad to hear from you. Sincerely, Jimmy Carter.—Reuter and AP."

Threat to détente, page 9

Mr Crosland's condition still critical

By Our Diplomatic Correspondent

Mr Crosland's condition remains critical, and there has been no further sign of improvement or improvement, a hospital representative said yesterday.

The Foreign Secretary was admitted to the Radcliffe Infirmary in Oxford on Sunday, suffering from a stroke. He has been unconscious since then.

His wife, Susan, and her daughters, Sheila, who arrived yesterday from the United States, and Ellen, are at his bedside.

Government will ask Commons next Tuesday to approve guillotine on devolution Bill

By David Wood

Political Editor

The Cabinet decided yesterday to use the guillotine on the devolution Bill. After conceding a consultative referendum in the Commons this week, Mr Foot, Leader of the House, and the Government Chief Whip will put their fortunes to the touch next Tuesday, when there will be a three-hour debate and then a division.

No one may yet be sure that the Government can win the division unless most of the 13 Liberal make common cause with the Scottish National Party and Plaid Cymru to support the Government. Some experienced government managers still held last night that the guillotine motion will be narrowly defeated and that Mr Callaghan and the Cabinet will have to abandon the Bill and blame the Conservatives.

Mr Foot and Mr Cocks, the chief whip, however, had no choice except to impose a timetable. Amid all the opposition outcry in the House yesterday the news had a fairly accurate ring. Government managers who want to make sure that the Scotland and Wales Bill does not obstruct all other business for most of the rest of the parliamentary session. It is probably the least loved Bill that any government has introduced in recent years.

On present threats at least 20 Labour backbenchers, several of them from Scotland and Wales, will vote against the guillotine or abstain. But there will probably be more abstentions than votes against; and some Liberals, although they have lost the battle on proportional election of the Edinburgh and Cardiff assemblies, will not want to put the whole devolution proposal at risk by voting with the Conservatives.

Last night the unofficial whips of the Labour opposition of devolution said they were assured of 21 votes against the guillotine motion, possibly 22. Two Welsh Labour MPs, Mr Alfred Evans, Caerphilly, and Mr Leo Abse, Pontypool, intend to oppose the Bill to the end, and three other Welsh Labour backbenchers insist that they will abstain.

Others who say they will vote against the Bill, or a guillotine to carry it, include a few Scottish MPs and some English Labour backbenchers, especially from the North-east and the North-west.

If the Government fails to carry the timetable motion curtailing the committee stage it is severely conceivable that Mr Callaghan and the Cabinet could decide to fight the Bill through until June or July, and then find it at risk in the Lords late in the session.

The threats of the Labour Party Executive Committee to abolish the House of Lords have put the peers, not least Labour peers, on their mettle. As a constitutional measure of high importance the Scotland and Wales Bill could properly be given a long examination in the Lords, whether there is a guillotine in the Commons or not. Certainly, few peers feel they have much to lose by doing their duty as they see it.

Party managers on both sides of the Commons were assuming last night that the Liberal Party would split between the Government and the Opposition, and that the smaller groups in the House would counterbalance each other. That leaves the Government's fate in the hands of its own dissenting backbenchers; and both the Prime Minister and the government whips are at work on them.

Mrs Thatcher has sent out orders for a strict three-line whip. The only exception will be the pairing of Mr Crosland, who is critically ill.

Much of the Conservative hostility to a guillotine is directed at Mr Foot. As Mr Taylor, spokesman on Scotland, commented last night: "It seems outrageous for Michael Foot of all people to force a guillotine on a constitutional Bill when he went into a near frenzy when a guillotine was moved on the Common Market."

A group of English Conservative backbenchers are concerning a campaign at the weekend in which they will argue that it is Continued on page 2, col 5

Two Seveso babies 'deformed'

From Patricia Clough

Rome, Feb 17

A doctor working in Seveso, near Milan, said today that two women exposed to the poison had given birth to deformed babies. The doctor, who is working at a chemical plant on July 10 last year.

The Lombardy regional government, which is keeping watch on the health of inhabitants of the contaminated area, says it knows nothing of the two cases and is checking the claim.

Dr Dario Medico said one child was born a month ago to a woman in Pavía who had visited her sister-in-law at Seveso regularly during the first weeks after the escape of dioxin from the chemical plant, when the full extent of the danger was not known.

She had eaten contaminated produce grown in the garden and had been included by the medical authorities in the high risk group of expectant mothers.

The baby was born with its intestines blocked in three places, he said. It had been operated on and was still in an incubator. The second baby was born to a woman in Cesano Maderno, a community near Seveso. It has a similar deformation of the intestines.

Dr Medico refused to identify the children, saying that the families wanted it kept quiet. A man is reported to have declared at a recent Milan University debate that his wife, who teaches near Seveso, gave birth on January 18 to a child with a malformation of the palate.

This was confirmed as the Milan hospital where the baby was born, but the head of the gynaecological department said the woman worked outside the contaminated area and "we do not think that there is any connexion with the dioxin".

Hybrid ruling blow to nationalization plans

By Martin Huckerby

and David Leigh

A severe blow to crucial sections of government plans to nationalize the aircraft and shipbuilding industries was dealt by the Examiners of Private Bills in the House of Lords yesterday when they declared the nationalization measure hybrid.

The Government has had to invoke the provisions of the Parliament Act to get the Aircraft and Shipbuilding Industries Bill this far in its entirety. The Lords threw out the ship-repairing section last session and only when the Commons demanded its inclusion did the peers turn again to the tactic of hybridity.

Despite the delay caused by the hybridity finding, the Bill may eventually become law this session. The Government does not have to make any changes, although it is a prisoner of the Lords hybridity procedure. The difficulty is one of further delay.

Assuming ministers do not find an escape hatch in the small print of the hybridity finding, the Government to speed matters, has one option—an offer to drop the contentious ship-repairing clauses.

That would enable the rest of the Bill to go through in a few weeks. The Prime Minister came under further pressure yesterday from the shipbuilding union to minimize delay because the industry is in severe trouble.

But if backbench opinion finds such a retreat intolerable, the Bill still becomes law by autumn.

The Bill was declared hybrid (differing in its effects on similar categories of persons or bodies) because it omitted the Westminster Dredging Company and the turnover of companies to be nationalized was not germane to the subject matter.

The size of a company's turnover was one condition for nationalization, but the examiners pointed out that in at least one company, the Humber Graving Dock and Engineering Company, about two fifths of the turnover required by the Bill did not relate to ship-repairing business.

Unless the Government backs down the Lords' standing orders demanding a select committee, what happens to the Bill. The committee, which is expected to meet next week, possibly on Tuesday, will probably decide to refer the Bill to a select committee, which would hear petitions from people who might be affected.

Mr Christopher Bailey, chairman of Bristol Channel Ship Repairs, who has been fighting the Bill, said that if the select committee was established he would petition for his company to be dropped from the nationalization list.

Because many people might take advantage of the procedure to raise a variety of issues, the select-committee procedure might prove even more protracted than the hearings before the examiners.

After 26 days of hearings the examiners delivered a 15-page judgment to an audience, including MPs and peers, crowding the Moses Room in the House of Lords. Mr T. G. Talbot, QC, counsel to the chairman of committees in the House of Lords, said: "The Bill is a hybrid in its effects on similar categories of persons or bodies."

Continued on page 2, col 5

Coggan voices Church's shock and outrage

Longley

affairs

Dr Coggan, Archbishop of Canterbury, expressed the shock and outrage of the Church of England at the deaths of the Archbishop of Uganda and two of President Amin's ministers.

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been cut off unfinished on the grounds that it was political comment.

Dr Coggan added: "It came as a great shock to hear of the Archbishop's public arraignment, sudden arrest and almost immediate death while in the hands of the security forces, together with two ministers of the Cabinet who were also Christians."

He read to the synod a cable he had just received from the Apostolic Delegate in London, Archbishop Bruno Heim, expressing the Roman Catholic Church's support and sympathy for the Church of England.

Dr Luwum's predecessor as Archbishop of Uganda, the Rt Rev Leslie Brown, now Bishop of Edmundsbury and Ipswich, read to the synod an open letter, sent to General Amin by the 18 Ugandan Anglican bishops on Tuesday.

It said: "The gun whose muzzle has been pressed against the Archbishop's stomach, the gun which has been used to search the Bishop of Bukedi's house is the gun which is being pointed at every Christian in the Church. We have buried many who have died as a result of being shot and there are many more whose bodies have not been found. Their disappearance is connected with the activities of some members of the security forces."

"This brain-drain from our country, the fear and mistrust, make development, progress and stability impossible. The gun which was meant to protect Uganda as a nation, the Ugandan as a citizen, and his property, is increasingly being used against the Ugandan to take away his life and property."

After further tributes the synod stood for a moment in silence.

The Kampala deaths also provoked strong reactions from the World Council of Churches, and the International Commission of Jurists, both of which issued statements in Geneva (see page 10).

The jurists said bluntly that the deaths were an assassination. "The pretence that they were killed in a motor accident will deceive no one," the statement said.

The executive committee of the World Council of Churches asked for an international investigation into the killings, requested the United Nations Human Rights Commission to inquire into violations of human rights in Uganda and to report particularly to African nations to take action against further loss of life in the country.

British dilemma, page 8; Leading article, page 13; Synod report, page 14.

Clearing banks cut base rates to 11½%

The major clearing banks cut their base rates by one point to 11½ per cent, which means that industry will now be borrowing at 12½ per cent against the crisis level of 15 per cent in the autumn. This cut does not necessarily mean that mortgages will be cheaper. Meanwhile, Bank of England figures show that the Government is now comfortably inside its target for monetary expansion.

Coal price warning

Coal prices are to rise by 15 per cent from April 1 and the National Coal Board gave a warning that there might have to be more increases in the autumn to cover the cost of early retirement for miners. The board hopes this can be met by improved productivity.

£132,970 damages

A university graduate, aged 28, confined to a wheelchair after a car crash, was awarded £132,970 damages by a High Court judge in London. The previous highest award in England was £130,110 to a Bristol executive for brain damage.

Solar energy plan

The Government is to spend about £6m during the next four years in an accelerated programme of research and development on the use of solar energy, mainly for domestic water and space heating.

Rome students clash

Extreme left-wing students shouted down Signor Luciano Lama, a leading Communist trade unionist, who tried to address them at Rome University. A clash between Communist and extreme left-wing students followed in which 50 students were injured.

Holiday fund levy may be reduced

Discussions which could result in cheaper package holidays are about to take place between the Government's Air Travel Reserve Fund Agency and the Civil Aviation Authority. At present all holiday-makers taking air inclusive holidays pay a levy of 2 per cent to the fund but this may be reduced because of the drop in the cost of the fund.

Fee-paying places

Almost half the education authorities in England and Wales are still taking places at independent schools, a survey published today by The Times Educational Supplement shows. Councils paid £23m for 40,000 places in 1976-77.

Anglo-Irish strain

Observers think Anglo-Irish relations are nearing their lowest ebb since the British Embassy in Dublin was razed five years ago. Litigation over Irish allegations of British torture in Ulster and the coming trial of British soldiers in Dublin are priorities.

Deportation appeals: Mr Philip Agee is petitioning the Edinburgh Court of Sessions to prevent his deportation. Mr Mark Hosenball is seeking to appeal against a similar order.

Legal fusion opposed: High Court judges have opposed fusion of the two branches of the legal profession on the ground of cost and ethics.

Council chairman jailed: George Newman, chairman of Staffordshire County Council, has been jailed for corruption and banned from serving in public life for five years 4 months.

South Africa: The Anglican Archbishop of Cape Town joins the growing church-state confrontation with a statement condemning security police methods.

Banking in the Middle East: A 10-page Special Report on financial trends in one of the fastest developing regions of the world.

Bread strike call

The Bakers' Union instructed its members to take industrial action from Sunday week in an equal-pay dispute. Severe disruption of supplies is inevitable if the action goes ahead, but some bread will be produced at smaller bakeries.

Leader page 13

Letters: On the power of civil servants, from Mr Adrian Barrow; P. C. Drazia; on higher fees for overseas students, from Mr Charles Clarke, and others.

Leading articles: Uganda: The guillotine on devolution; Science and human rights; Features, pages 10 and 12; Geoffrey Smith on the moves by the centre and right against Labour's left; Tim Devlin on the education of the young; Kenneth Baker on pensions and inflation.

Arts, page 11

David Robinson on new films in London: William Mann on *Jewels in Glasgow*; Irving Wardle on *Spoken Word*; *Vandeville Theatre*; John Farwell on *The Taming of the Shrew* (Covent Garden).

Obituary, page 14

The Most Rev J. J. Oboho; General Alois Liska; Sport, pages 15 and 16; Rugby Union: Horton fit to play for England; Football: Norman Fox on Gerry Francis's good form; Tennis: Rex Bellamy traces the rise of Wojtek Fibak.

Business News, pages 17-22

Stock markets: In this trading the FT advanced another 52 to close at 330.4.

Financial Editor: Rise rates: Bank of England's stronger balance sheet; Costs Paton's medium-term borrowing; a saving grace in rather have pounds.

Business features: Kenneth Owen examines the prospects for the development of sun-aid as an energy source; Peter Hill, in the fifth of a series of articles on industrial strategy, looks at the chemical industry.

Business Diary: Why the Russians would rather have pounds.

Home News, pages 2, 4, 7

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Parliament, page 15

Property, page 16

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Snow report, page 19

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HOME NEWS

Councils spent £23m on places at independent schools

By Mark Vaughan, of The Times Educational Supplement

Nearly half the educational authorities in England and Wales are still taking many places at independent schools. A survey by *The Times Educational Supplement* shows the number paid for by local education authorities throughout the country exceeded 40,000 and cost more than £23m in 1976-77.

The findings come as the Government is urging local authorities to curb spending and eliminate selection by adopting comprehensive systems. Mrs Williams, Secretary of State for Education and Science, has been questioning education authorities about the cost.

Her department is examining replies received so far: eight are still to come. *The Times Educational Supplement* survey, conducted this month and published today had a full response.

It shows that 46 authorities still spend heavily on independent school places, 39 take none, and 19 take only a handful of places.

For the 46 heavy spenders the average bill this year will be £500,000 and the average cost of each place £575. According to the Ministry of Defence and the Foreign Office, central government will spend another £36m on more places, bringing the total state spending on the independent sector to at least £59m this year.

Lancashire this year is paying just less than £3m for 6,275 places; followed by Cheshire's 3,650 places (£2.3m); Trafford's 2,270

places (£1.2m); Avon's 1,922 places (£900,000); Bolton's 1,890 places (£856,000) and Croydon's 1,686 places (just under £1m).

The survey which excluded all special schools, shows that four fifths of the big spenders are Conservative-controlled authorities. Only four are Labour and three of those said their system was due to end this year.

Seven of the eight "rebel" authorities, who two years ago told the Government they had no intention of going fully comprehensive, appear in the group of 46. They are: Berks, Essex, Kingston upon Thames, Redbridge, Sutton, Tameside and Trafford. Only Buckinghamshire is excluded.

The commonest reasons given for taking places were shortages of places in state schools (32 out of 46 authorities) and religion.

Other heavy spenders include Bedfordshire, Berkshire, Bromley, Bury, Devon, Hertfordshire, Liverpool, Newcastle, Sefton and Surrey.

The survey shows that in two years the 46 heavy spenders have reduced consumption of places by 10 per cent on average.

Most gave several reasons for taking places, although it is apparent from the replies that many carry on traditional links with the private sector so that a few academically able pupils can continue to be selected from the state system.

Among authorities that the survey shows clearly come into the last category are Avon, Bolton, Dorset, Essex, Kent, Lincolnshire, Oxfordshire and Surrey.

Teachers are split on examination need

By Judith Judd, of The Times Higher Education Supplement

Pressures for the widespread and indiscriminate testing of children should be resisted, the National Union of Teachers says in its contribution to the educational debate, published today.

The document argues for a common examination for 11-16-year-olds as "the most significant single measure that could be taken at this time to obtain reliable information about the performance of pupils and schools".

It says that if systems of national testing were to be imposed on all pupils at various stages, education would suffer.

On the curriculum, the paper says that a real danger arises from the specification of subjects to be taught and assessed. The union believes this would lead to "irresistible pressures" from parents, examining bodies, managers and local authorities to concentrate on the specified subjects, as happened under the School Certificate and 11-plus systems.

Since teachers are responsible for their pupils' achievements, they must also be responsible for the curriculum, the NUT says.

Annual examinations, Britain's third largest teachers' union, the Assistant Masters' Association, today calls for a return to full-scale, formal, annual examinations in secondary schools, instead of relying on assessment.

The association, which has 40,000 members, including a high proportion of graduates, believes that all children benefit from formal testing of their academic progress.

Parliamentary report, page 6

£6m plan to develop solar energy

By Kenneth Owen, Technology Correspondent

The Government is to spend about £6m during the next four years in an accelerated programme of research and development on the use of solar energy, mainly for domestic water and space heating, Mr Alex Eadie, Parliamentary Under-Secretary of State at the Department of Energy, announced yesterday.

Existing programmes of the Department of the Environment and the Department of Industry will account for about £2,400,000 of the total. A new programme by the Department of Energy will add a further £3,600,000.

In a parliamentary reply Mr Eadie said that the main areas of the Department of Energy programme would be solar water and space heating; data on the amount of solar energy received; and research into biological systems.

The use of solar energy for water and space heating has been identified as the area of

greatest potential return. Mr Eadie said. Some industrial solar energy research was being carried out and a main part of the new programme would be in the form of contracts in support of existing industrial initiatives.

The Building Research Establishment will also undertake a large share of the work, while supporting and fundamental studies will be carried out by academic institutions.

The Meteorological Office had for many years recorded the published data on the use of solar energy in buildings, he continued. As interest in the subject grew, more information would be needed in urban areas.

"The direct or indirect production of liquid or gaseous fuels through the use of biological systems is a challenging long-term possibility."

According to a report by the department's energy technology support unit at Harwell, the sun could be making a "significant contribution" to meeting the United Kingdom's

energy needs, equivalent to about 2 per cent of present consumption, within the next 25 years. In the longer term, perhaps 25 years after that, that might increase tenfold.

At a press conference yesterday Mr Eadie said the new solar-energy programme came after similar research commitments on wave power and on geothermal energy, and other alternative sources of energy were being examined.

Dr Walter Marshall, chief scientist, Department of Energy, said a main aim of the new programme was to accelerate the application of solar power by assessing and, where appropriate, part-funding the activities of commercial firms. The department would offer up to half of the funding required.

If the projects were commercially successful, the Government would expect a return on profits. Five companies' proposals had already been authorized for contract signature.

Taking the heat, page 19

Optical and dental fees increased from April 1

By Health Services Correspondent

Details of increased charges for dental and optical treatment under the National Health Service were given in the Commons yesterday by Mr Ennals, Secretary of State for Social Services. The intention to increase charges was announced by the Chancellor of the Exchequer last July as part of the savings in public spending.

The new rates come into effect on April 1. The maximum charge for most courses of dental treatment will be increased from £3.50 to £5.

The maximum charge for dentures, at present £12, will vary between £20 and £30, and the charges for crowns, inlays, fillings and gold fillings will be £10 a tooth, with a maximum for more than three teeth of £30.

Mr Ennals said it was with reluctance that it had been

decided to introduce special charges for particular expensive items of treatment, such as crowns. That was the only way to keep down the ordinary maximum charge to a level that should not deter people from seeking regular treatment.

Optical charges would be raised from the present levels of £2.25 for each single vision lens and £4.25 or £5 for each bifocal lens, depending on type, to £2.90 for each single vision lens, £3.50 for each fused glass bifocal lens, and £6.15 for any other type of lens.

Economy talks: Mr James Barnard, president of the Pharmaceutical Society of Great Britain, said last night that he was arranging talks among the medical professions for suggestions on economies in medicines (our Nottingham Correspondent writes). Every year unwanted medicines worth millions of pounds were destroyed.

Prices call by farmers

Agricultural Correspondent

Price changes sought by the EEC would add 50p to the weekly food bill of a British family, farmers said yesterday. They insisted that the proposed changes were inadequate to cover their extra costs (our

The council of the National Farmers' Union took a determined stand against claims for price freezes from food processors and the consumer lobby.

Devolution questions revised to suit Tories

Continued from page 1

The Bill fails to carry party leaders should immediately seek to establish a constitutional convention. Among the backbenchers and Mr Charles Morrison and Mr David Knox. The conference would spend much wider than devolution to include Lords reform, electoral reform, and a written constitution.

Yesterday the Scottish National Party and Plaid Cymru withdrew the early day motion which they had tabled on Wednesday night of the conduct of Sir Mervyn Davies, first deputy chairman of Ways and Means, Mr Donald Stewart, SNP leader, and Mr Dafydd Iwan, Plaid Cymru, agreed in the interests of the House to drop their criticism.

Our Political Correspondent writes: Although the Government has attempted to meet the demands of the official Opposition in changing the questions it is proposed should be

put in the referendum, backbenchers were busy drafting new amendments yesterday. As proposed by the Government, in the revised ballot paper, the voters in Scotland would be asked: "Should there be a separate Parliament for Scotland?"

The Act provides that there should be an elected Scottish assembly and that Wales should remain part of the United Kingdom. The new assembly would exercise substantial powers: devolved by Parliament.

Both preambles are more extensive than the Conservatives proposed. Persuasion visit: Welsh Labour Party and Wales TUC officials will travel to Westminster on Tuesday in an effort to persuade the six Welsh Labour MPs who oppose devolution to support the bill.

The Welsh Labour Party and the Wales TUC have recently joined forces to run a campaign in favour of devolution and the delegation to Westminster will take MPs who oppose devolution that the labour and trade union movements have worked for an elected assembly for some years.

Parliamentary report, page 6
Leading article, page 13

More calls for return to free wage bargaining

By Our Labour Staff

Two more powerful voices were raised yesterday against a continuation of pay restraint when phase two expires in just over five months. Mr Arthur Scargill, president of the Yorkshire area of the National Union of Mineworkers, called for an immediate return to free collective bargaining.

The Yorkshire and Supervisory Section (Tass) of the Amalgamated Union of Engineering Workers, representing 160,000 white-collar workers, voted at its executive committee yesterday in favour of unfettered wage bargaining next year.

Mr Scargill said his area council was completely against the social contract continuing. It had cut wages and living standards.

Cuts in government spending represented unemployment, hardship and suffering. Yorkshire miners will do everything in their power to ensure that the cuts are restored and that basic living standards, education services are developed and improved and not cut.

The Tass executive said it was imperative that the TUC should take urgent steps to carry out congress policy and restore free collective bargaining next year.

Large councils reject local income tax plan

By Christopher Warman, Local Government Correspondent

The introduction of local income tax to help council finances would be an expensive irrelevance, the Association of Metropolitan Authorities said yesterday.

The association, representing the idea of local income tax, supports the retention of the rating system in its reply to the proposals of the Layfield committee on local government finance. That is a somewhat surprising submission in view of the fact that the association has for two years ago described the rating system as "outworn and no longer acceptable to the public", and suggested that the proportion of national taxation should be assigned to local government.

The reasons for the change of mind were given by the association in London yesterday, and have been forwarded to the Secretary of State for the Environment. The association believes that the cost of collecting local income tax

would be too high, and that it could not take effect within 10 years. It could not be independent of local income tax and of central control.

"If there was such a tax, the volume of grant would be reduced. No extra freedom would accrue to local government in its spending plans, and that remains the real area of local autonomy to be preserved."

It also says that local income tax would not provide a stable income for local authorities and that there would be a danger of "poverty traps". For all its faults, the rating system should be retained and improved.

The association says, however, that local income tax might be reconsidered if there were radical changes in local government organization as a result of the devolution debate.

The association of District Councils, in its submission to the Layfield committee, said it believed that the rating system must be retained. It was not convinced about local income tax, but would like to see further research done.

Deportation move i Scots court by Mr A

By Stewart Tandler, Home Affairs Reporter

Two detectives and a Home Office official last night served a deportation notice on Mr Philip Agee, a former CIA agent, who is in Edinburgh seeking to use Scottish law to forestall or evade the Home Secretary's decision.

Mr Agee is being deported for reasons of national security, as is Mr Mark Hosenball, a journalist working for the *Evening Standard* in London. Mr Agee's chances of success in the Scottish courts were diminished yesterday after the Law Society of Scotland had said that "as far as immigration law is concerned the Home Secretary carries the administrative responsibility for the United Kingdom". However, he is presenting a petition in the Court of Session in Edinburgh next week.

The Home Office also said that as far as it was concerned Mr Agee's powers of deportation covered Scotland as well as England and Wales.

Meanwhile, Mr Hosenball is to apply to the High Court next week for leave to appeal against Mr Agee's decision.

It will be argued that Mr Agee has failed to abide by the Immigration Act in furnishing sufficient details of the case against Mr Hosenball and that deportation in the Act refers to a future threat rather than past actions.

It is now known that the three members of the Home Office advisory committee closely questioned Mr Hosenball in connection with references in a magazine article to the fight against IRA bombers. The

article appeared in *the* for which Mr Hosenball until last July, and a government centre at Cheltenham eavesdropping.

Two paragraphs of the article suggested that the IRA using radio signals to detonate the bombs. If the Army did not write the article, it asked where that part of the article had come from and how the section had been written if it had not come from secret sources.

A lawyer from the Home Office was also questioned by a committee on the passage of the D-Note which would preclude publication of material.

Mr Duncan Campbell wrote the article, gave to the committee and much of the material available. The map article included two Northern Ireland, discovered in a telephone

tor.

Last November 7, it was told that the de might be connected with Ireland and the British agents. The article also confirmed that information.

Mr Neil Hosenball, ball's father and official with the National Space Administration, said that he believed the article was the reason for his son's deportation.

Tax building will cost £12m more

By Malcolm Brown

The costs of constructing an Island Revenue centre at Bootle, Merseyside, have multiplied more than fivefold from the original modest estimate of under £3m to nearly £15m, according to a report by the Comptroller and Auditor General published yesterday.

The Comptroller, who says the building should have been finished at the end of 1970, reports that the estimated completion date is early 1979.

In May, 1966, the Treasury approved the planning of John's House as a computer centre at an estimated cost of £2.6m. By February, 1968, that figure had risen to £4.4m, largely because of a decision to increase the building's size.

Nine months later £500,000 was put on the bill because of the high building costs in the Liverpool area.

Two years later the contractor ceased trading, and the contract was reassigned. Only four weeks after that the Island Revenue had a change of heart about computerization, and it was eventually decided that St John's House should instead be a collection accounts office.

The Property Services Agency notified the Treasury in October, 1972, that the estimated cost had increased to £5.25m, mainly because of industrial disputes, the granting of contracts before detailed requirements were known; and high winds which restricted operation of the tower cranes.

In 1973 the agency decided that the building would have to be adapted, and a new contract, worth about £3.85m, was approved.

But fresh difficulties arose, and by August, 1974, the agency was signing a contract worth £6.3m. When he asked for an overall figure the Comptroller was told that the latest figure at March, 1976, prices, was £14.72m.

Concern ship and air delays

Continued from page 1

Lords, explained that the trine of hybridity was to give the minority fence against the le in modern terms the defence against the C.

Referring to the whether particular ought to be included, Bill, he said: "I urged on us, on behalf Government, that we be concern ourselves with trivialities, and we as the Government that indeed trivialities."

The examiners could the draftsman of the been assigned an I task. To ensure that was not hybrid he has on such information as argument had been able from sources that I always sympathetic.

had the knowledge as us, he would in all p have succeeded."

Our Industrial Correspondent writes: Although the will be welcomed by of nationalization, shipbuilding industry, senior executives are over further uncertain.

Mr Clifford Baylis, d the Shipbuilders and National Association, night that the Go should have taken it into his own hands through a compromise ing to the exclusion repairing companies. try would be damage delay.

Our Air Correspondent Sections of the aircraft due for nationalized intensely disappointed by the decision. The industry has accepted availability of a state and wants it implemented as soon as possible.

Business has a poor opinion of modern education Apprentices taught basic maths

From Tim Devlin, Education Correspondent, Newcastle upon Tyne

The great debate on education starts in Newcastle upon Tyne today, with the first of the eight regional conferences organized by the Government.

But, great debate or no, the real challenge to the city's teachers is to relate the two worlds of school and work. More than a third of the 3,500 16-year-olds who left school last summer have still to find jobs.

The city's education fathers, congratulating themselves on the tenth anniversary of abolishing the 11-plus examination, find that more and more employers are using a battery of aptitude and ability tests to select the pupils they take on at 16.

When Mrs Williams, Secretary of State for Education and Science, spoke last week of a return to the old school certificate examination in a group of basic subjects, it struck a warm chord among many of the two thousand employers in the city.

What they want is a "decent" examination to measure and compare the achievements of the hundreds of applicants who are overwhelming them with requests for jobs.

Some of the city's big engineering and shipbuilding companies are introducing remedial teaching in mathematics and literacy in their training schemes.

Mr Swan Hunter shipyard's training centre, Mr George

Forrest, a factory trainer in the plant section, is giving half of his trainees lessons for three hours a week, beginning with how to use a rule and then how to make a straight line of an inch. He would like to teach them thirty-seconds, but that, he thinks, is beyond them.

C. A. Parsons, the electrical and mechanical engineering company, gives its craft apprentices a month's induction course with lessons in basic arithmetic for three or four hours a week. Mr Frank Peacock, the training manager, summarised best for me the gap between the world of work and school which, although both sides are trying to narrow it, will still be as wide as the bridge over the Tyne.

"We are finding in schools too great an emphasis on the need to develop the wonder of the pupils and too little concern for accuracy. The aim is to get a process of getting an answer seen to be more important than actually getting the answer right. In educational terms it probably is: on the building site, it is either right or it is wrong."

Mr Leslie Allen, of Vickers, the armaments and engineering company, runs a training school for 60 apprentices at the Elswick plant. He gives them regular tests in basic calculations needed, for example, before they can use a milling machine or a micrometer. He said: "We are not using the 25-week course to train just for lathe fodder, but we are making sure that a chap knows how to measure square footage so that he can order a carpet."

Not all schools teach both metric and imperial measurements. Philip Hutchinson, with eight good CSEs and one O level, was one of 30 trainees taken on by Baxbridge, the department store, last September. Yet it was found before he started work in "dress fabrics" that he had never learnt metric units.

Mr Malcolm Craig, Swan Hunter's further education officer, finds that his bright 11-year-olds cannot use an aerosol spray properly, because he does not know what seven inches means—the distance he has to hold the tin away from the surface he is spraying.

In the combined literacy and numeracy tests that many employers are now insisting that job applicants should sit, scores in literacy are generally far higher than in numeracy. Yet some people who would not doubt their first-class bricklayers or site workers are being rejected because their letters of application to such employers as Frims and Co, the building and civil engineers, are written on paper little better than lavatory paper or not much larger than a postage stamp.

Mr R. H. Patterson, one of the big car dealers: "I am writhing (sic) to you." wrote himself out of a job. Yet a boy from St Aloysius Comprehensive School, who has not yet mastered the spelling of his school's name but has done a work experience course stands a 90 per cent chance of getting one of this year's 20 vacancies.

"Elder statesmen's" views, page 12

Government is beaten on college closures

The Government was defeated, by 39 votes to 25, in the Scottish Grand Committee yesterday on a motion to take note of a consultative document relating to the closure of two teacher-training colleges, and the merger of four others.

Mr Bruce Millan, Secretary of State for Scotland, was attending a Cabinet meeting when English Conservative MPs appointed to the committee to reflect the composition of the Commons, turned up in force.

Industry and education

Henry Chilver discusses how universities can help industrial regeneration in *The Times Higher Education Supplement* today. Allan Rodway reviews a collection of essays on popular culture, and Niall Surtart takes a nostalgic look at Oxford after the war.

Unstreamed classes get blame for poor record

By Robert Doe of The Times Educational Supplement

Criticism of the standards of mathematics, science and foreign languages taught in schools are contained in a report from government school inspectors made public today.

It was prepared as part of the debate on education called for by the Prime Minister last year. It has been produced for the first of eight regional conferences for those with an interest in education, which is being held in Newcastle today under the chairmanship of Mrs Williams, Secretary of State for Education and Science.

In all those subjects the inspectors blame unstreamed classes for part of the low achievement. They say schools are often failing to provide sufficient challenge to the child with mathematical ability.

Mixed-ability classes often mean the teachers' expectations are far too low for many children.

Much time is spent in schools on the basic skills of arithmetic. "The trouble is that the teaching is producing such disappointing results." But industry, they point out, requires recruits not only to be able to do sums but to know what sums to do and when.

Science teaching is criticised for being "too modern" and leaving out too much of the factual side of science, failing to produce enough practical scientists and for failing to relate courses to industrial processes.

The inspectors say there is "under-performance at all ages and all stages" in modern languages.

The report recognizes that many of those difficulties are due to scarcity of teachers.

Mathematics, Science and Modern Languages in Maintained Schools in England: An appraisal of some key subjects by HM Inspectorate. (Department of Education and Science, Kilnburn House, York Road, London, SE1 7PB.)

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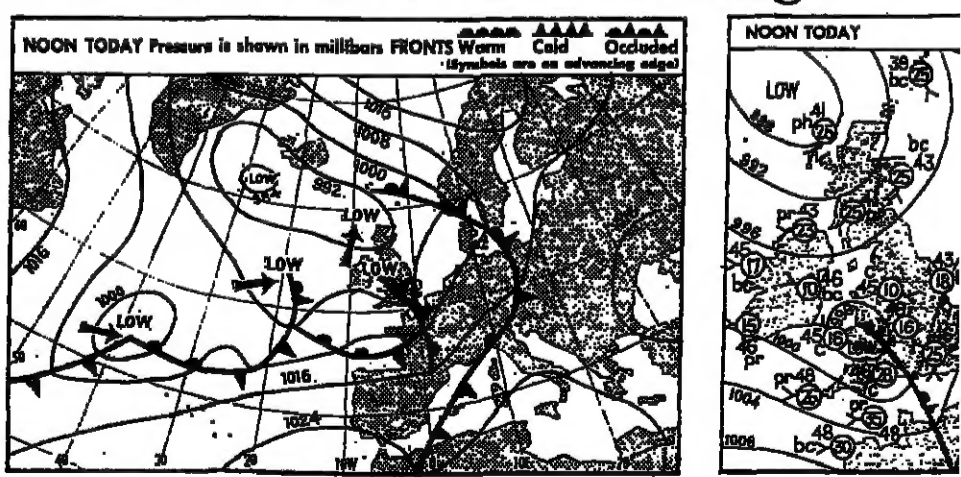
London loses last of its 11-plus schools

All inner-London secondary schools are to become comprehensive. Sir Ashley Bramall, leader of the Inner London Education Authority, said yesterday that the last statutory consent to end 11-plus selection had been received. He said there would be 178 secondary schools, 52 with fewer than 750 pupils, 79 with 750-1,200 pupils, and 48 with 1,200 or more pupils.

More direct lines

Direct dialling by British telephone numbers to Bahrain and Papua New Guinea has been introduced.

Weather forecast and recordings



Wales: Cloudy, rain, becoming brighter with showers later; wind SW, fresh or strong; max temp 9°C (48°F).

East Anglia, E. NW, central N England, Lake District: Cloudy, rain at times; wind S, moderate; fresh; max temp 7°C (45°F).

NE England, Borders: Rather cloudy, sunny intervals, rain later; wind S moderate increasing fresh later; max temp 6°C (43°F).

Isle of Man, Edinburgh, Dundee, Glasgow, central Highlands, Argyll, NW, SW Scotland, N Ireland: Rather cloudy, heavy showers, snow on mountains, sunny intervals; wind SW, fresh or strong; max temp 6°C (43°F).

Aberdeen, Moray Firth, NE Scotland, Orkney, Shetland: Cloudy with rain, becoming brighter and drier, showers later; wind S, fresh; max temp 5°C (41°F).

Outlook for tomorrow and Sunday: Changeable, showers or longer periods of rain, then near or a little above normal.

Forecast for 6 am to midnight:	London, SE, central S, SW England, Midlands, Channel Islands,	Wales, NW, central N, NE Scotland, Orkney, Shetland,	Isle of Man, Edinburgh, Dundee, Glasgow, central Highlands, Argyll, NW, SW Scotland, N Ireland,	Aberdeen, Moray Firth, NE Scotland, Orkney, Shetland,
6 am to 10 am	10.5	10.5	10.5	10.5
10 am to 2 pm	11.5	11.5	11.5	11.5
2 pm to 6 pm	12.5	12.5	12.5	12.5
6 pm to 9 pm	11.5	11.5	11.5	11.5
9 pm to midnight	10.5	10.5	10.5	10.5

Overseas selling prices: Australia, £17; Belgium, £18; Canada, £19; France, £20; Germany, £21; Italy, £22; Japan, £23; Netherlands, £24; Norway, £25; Portugal, £26; Spain, £27; Sweden, £28; Switzerland, £29; USA, £30.

Used daily and weekly car hire: 24 hr. £10; 48 hr. £18; 72 hr. £25; 1 week £35; 2 weeks £65; 4 weeks £115; 8 weeks £215; 12 weeks £315; 16 weeks £415; 20 weeks £515;

Deportation
Scots court

Tax building
will cost
£12m more

ast and rec

3p off^{*} the price of gold.



47^{*}p.

^{*}3p off recommended price. Stocks are, or shortly will be, available in all areas.

SF64

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HOME NEWS

Anglo-Irish relations
nearing lowest ebb
since embassy burningFrom Christopher Walker
Dublin

Anglo-Irish relations, long regarded as being among the most sensitive of diplomatic plants, are considered by many observers to be heading towards their lowest ebb since the British Embassy in Dublin was burnt down five years ago.

Evidence for the decline is to be found almost daily in newspapers on both sides of the Irish Sea and in the comments, attributable and unattributable, of official spokesmen for both governments. It has yet to affect the ordinary English citizen visiting the Republic of Ireland for business or pleasure, although in recent weeks a new range of topics has emerged on which he is likely to be engaged in argument.

Senior British officials see the continuing litigation over the alleged torture of republican prisoners in Northern Ireland as the prime cause of the trouble. There is no doubt that British pride has been hurt by the recent adverse decision from the European Court of Human Rights and there is a conviction that the new European convention on terrorism, unease among Dublin ministers about the lack of a British initiative in Northern Ireland, a renewed assertion by Scotland Yard that Ireland is a haven for IRA bombers, and a complex assortment of maritime disputes.

A number of other irritants have combined to exacerbate ill feeling. They include the Republic's refusal to sign the new European convention on terrorism, unease among Dublin ministers about the lack of a British initiative in Northern Ireland, a renewed assertion by Scotland Yard that Ireland is a haven for IRA bombers, and a complex assortment of maritime disputes.

Pacifist journal attacks
detention of writer

The pacifist newspaper, *Peace News*, said yesterday that the detention of one of its writers under the Prevention of Terrorism Act was ludicrous.

Mr. James Hineson, who is unemployed and has been in custody since he was taken into custody by Liverpool police on Wednesday after arriving by the Belfast night ferry.

Mr. Michael Holderness, a member of the paper's editorial collective, said: "Mr. Hineson was invited to go along with members of the editorial collective to talk to people involved in peace and community work in London."

He said Mr. Hineson, who lives in London, was not employed by *Peace News* but wrote regularly for it. He was a member of the British Withdrawal from Northern Ireland Campaign. Mr. Holderness said: "Mr. Hineson was being detained under section 10 of the Act, which refers to financial support for terrorist activities."

That is ludicrous, *Peace News* is a pacifist organisation and we would not more fund terrorists than the British Army."

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Heavy-gang
charges
rejected by
minister

Mr. Patrick Cooney, the Irish Government's Minister for Justice, yesterday denied the existence of a "heavy gang" interrogation squad in the Irish Republic's police force.

In a detailed statement to the Dail he rejected demands for an early inquiry into brutality charges against the police.

Mr. Cooney was answering a question tabled by Mr. Gerald Collins, spokesman on justice for the Fianna Fail Opposition, about the increasing number of allegations of ill treatment of suspects, and took the opportunity to reply to newspaper accusations that the Garda Síochána, the Republic's police force, used brutal methods.

He said a judicial investigation would be authorised only if the present system of checking charges, through the courts and internal machinery, proved inadequate.

Mr. Cooney said there had been a deliberate attempt to discredit the police by propaganda, although not all complaints fell into that category. Every alleged assault that had been tested in court had failed.

A reserve policeman in the Royal Ulster Constabulary was wounded yesterday when his car was fired on by several gunmen, as he left Kinawley police station, on the Fermanagh-Cavan border.

An Irish Army patrol later challenged a group of men at Coffey's Ford, about two miles from Kinawley. There was some shooting, but no one was injured. Extra troops and police were called in. The policeman, aged 35, from Enniskillen, was detained in hospital.

The Northern Ireland Office, and the departments of education and science and health and social services are to join forces in establishing an experimental centre at Derry, on the outskirts of Belfast.

The centre, expected to be operational by the end of the year, will offer improved counselling for children aged between 10 and 16 who appear before the courts on non-terrorist offences.

It will assess children who have been to court to help in deciding if they should be sent to a training school or continue a normal life with the help of a probation officer, and take a number of boys out of a co Down training school and let them return home.

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Mr. William Garside, head of the returned letter department at Newton Street postal sorting office, Manchester, with Christmas gifts that were not delivered because of poor packaging.

'An illusion that the whole work could be done by one man'

Judges against single-branch legal profession

By Marcel Boelins
Legal Correspondent

Fusion of the two branches of the legal profession would lead to longer and costlier trials, a deterioration in the standards of advocacy, and a lower standard of professional ethics, the judges of the High Court have told the Royal Commission on Legal Services.

In a joint memorandum of evidence, the 70 judges from the three divisions of the High Court (Kings Bench, Chancery and Queen's Bench) put forward a spirited defence of the present division between barristers and solicitors.

They reject the often argued proposition that removing the duplication that takes place when solicitors are obliged to consult and instruct counsel

would necessarily lead to a saving of time or money. "The judges suggest that under a fused system many cases would anyway have to go from the lawyers handling the case generally to lawyers specializing in advocacy, and some duplication would occur. Their main fear is that many of the functions now undertaken by barristers would be carried out in a fused system by a lawyer not really qualified or experienced enough to perform that work."

The result would be that any trial would be lengthened by the time taken up by irrelevant matter, poor presentation and "endlessly prolonged arguments, adjournments, to enable hitherto unsuspected issues to be explored, and wasted costs".

Indications over many years of experience showed that in the lower courts any cost-saving derived from having only one person handling the case from start to finish, rather than two (counsel and solicitor or his clerk) was insignificant.

As for contested cases in the higher courts, each involves its competent preparation and presentation, the amount of work depending upon the factual and legal issues. But we believe it to be an illusion that in any but an insignificant number of cases the whole work either could or would be done by one man."

By and large the client was charged for the complexity and length of the work involved. The fact that it was done by one, two or three lawyers did not necessarily mean that the total cost to the client was affected.

The memorandum expresses fear about the possibility of a large number of unqualified and inexperienced advocates exercising the right of audience in the higher courts.

"Whether the existing system could stand the strain of a substantially increased hearing time for cases currently dealt with by the Bar alone is questionable. At best, the judges say, the consequences for the administration of justice would be serious in terms of delay and judicial wear and tear."

"At worst, we fear delays of such an order as to produce either a complete collapse of the existing trial system or the necessity for a massive increase in the number of judges and court staff and in accommodation."

Highest-paid are
worst hit by
restraint policyBy Our Economics
Correspondent

There has been a sharp drop in living standards among all income groups during the period of pay restraint, according to a regional cost-of-living survey published today.

The survey suggests that living standards have dropped most sharply for those at the higher end of the earnings scale, but that all groups have seen some erosion of buying power.

It illustrates that by looking at eight families whom it regarded as typical.

The family with the lowest earnings living in a semi-detached council house, with a black-and-white television set and a small car, needed a monthly income of about £304 at the beginning of 1977 to maintain standards.

Under the pay-restraint policy their earnings are £16 a month short, a drop of 8 per cent.

At the other end of the scale, a family with a large house, 31-litre car, telephone, golf-club membership, domestic help and a daughter at a fee-paying school, would need £2,870 gross a month, or would be £660 a month short, or down 34 per cent.

UK Regional Report (Rearward Regional Surveys Ltd. Price £1).

North Sea rescue
Nine seamen were rescued yesterday when their oil rig supply boat, Monarch Service, capsized while moored alongside a North Sea drilling rig 90 miles north-east of Aberdeen. They were winched on board the rig before their vessel sank.

He said: "All I did was dig up a cricket pitch." Much of his time in jail, when not cleaning landings or putting screws into wood, was spent reading. He said that had given him a new insight into life.

Talks fail to end dispute at
Windscale nuclear plant

By Our Labour Staff

A special meeting yesterday of the joint industrial council of British Nuclear Fuels failed to reach a settlement of the three-week-old strike affecting Windscale nuclear works in Cumbria.

The unofficial action began last month when 30 changing room attendants, who issue protective clothing, walked out in support of a demand to double the 70p a week bonus for working near "active" areas.

As a result, a thousand workers who enter "active" zones were laid off without pay and they went on strike in protest. Nearly three thousand non-staff workers who were seeking pay improvements also went on strike.

The government-owned British Nuclear Fuels has closed the reactors and the processing plant at Windscale, and is losing £14,000 a day in sales to the Central Electricity Generating Board for supplying the national grid.

British Nuclear Fuels said yesterday: "There is no threat to electricity supplies to the country unless the dispute is very protracted."

The three directors are Mr. William Cook, planning and architectural services, Mr. Raymond Squires, finance and Mr. Terence Barley, environmental services.

Council loses thousands
over 'unknown' factory

By a Staff Reporter

A district council has lost several thousand pounds in uncollected rates and although officials did not know of an empty factory and nearly six acres of adjoining land.

South Cambridgeshire District Council has discovered that rates on a former seed factory at Linton were paid only up to 1967, when it was temporarily taken off the valuation list. It was never restored.

Mr. James Flint, chief executive of the council, said yesterday that the council had been the victim of a "major discrepancy" in the valuation list.

He said there was no question of recovering the lost rates, but the council was to have the factory put back on the list quickly so that rates could be collected for the current year.

He discovered that a school, a probation officers' centre and branches of Barclays and the Trustee Savings Bank in Hyson Green were connected to the boiler serving the flats.

Test-pitch saboteur freed

Peter Chappell, a Test match saboteur, left Pentonville prison, London, yesterday, to a noisy and emotional welcome from his family and friends.

He served 13 months of an 18-month term for wrecking the Headingley Test wicket in August, 1975, and other incidents in the "Free George Davis" campaign.

Mr. Davis was freed last May by the Home Secretary after serving just over a year of a 17-year-term on an armed robbery charge.

He said: "All I did was dig up a cricket pitch." Much of his time in jail, when not cleaning landings or putting screws into wood, was spent reading. He said that had given him a new insight into life.

Accounts delay hindered
collecting of fines

By Our Legal Correspondent

Accounting arrangements for the collection of fines in magistrates' courts are criticized by Mr. D. O. Henley, the Comptroller and Auditor General, in a report published yesterday.

Test examinations made by his staff showed examples of a lack of competitive tendering for the purchase of equipment, the installation of inadequate equipment, weaknesses in systems and delays in rectifying them, and differing systems operated by courts using accounting machines.

In one court, delays and difficulties in installation had caused additional expenditure on the employment of extra staff and overtime working. At one stage fines of more than £730,000 were outstanding but the figure has since been reduced.

The report shows that at March 31, 1976, nearly £18m in fines was outstanding in the magistrates' courts of England and Wales (other than those in Inner London), but all of that was not then due for payment. The Home Office has estimated that only 3 per cent of total fines imposed were not collected eventually.

Man said to have paid wife for intercourse

Mrs Doris May, aged 46, was granted a decree nisi in the Family Division of the High Court yesterday against her husband, who was described as obsessed with religion and said to have become a dictator.

The judge granted a decree nisi to Mrs May of Alton Close, Sudbury, Suffolk, holding that her marriage to Mr May, of West Street, Erith, London, had broken down and she could not reasonably be expected to live with him. Mr May had denied breakdown and did not ask for divorce.

The judge said the wife's case was that three years after the wedding her husband, previously an atheist, became a

Welfare fraud
allegations
'ill founded'By Pat Healy
Social Services Correspondent

The Government's investigation of 765 cases of alleged social security fraud submitted by Mr Ian Sprunt, Conservative MP for Aberdeen, South, produced only eight new cases, Mr Orme, Minister for Social Security, disclosed yesterday.

The effort involved yielded a tenth of the results of normal fraud work.

In most cases individuals were not identified and the allegations could not be investigated. But those that were named included a significant number who were receiving benefits; others were receiving benefits to which they were entitled.

Mr Orme commented last night: "The exercise I have carried out has proved that much of the hysteria Mr Sprunt has created is without foundation."

In one case investigated it had been alleged that a married woman was fraudulently receiving £14 a week in unemployment benefit. In fact she was receiving £18.50 a week invalidity benefit, for which she had qualified on the basis of her national insurance contributions.

Mr Sprunt described Mr Orme's disclosures as "operation whitewash".

Parliamentary report, page 6

Leeds rate 'lowest'

Leeds will have the lowest domestic rate of any city, 59.7p in the pound, in the coming year, Mr Irwin Bellow, Conservative leader of the council said yesterday. It is an increase of 1.8p.

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Jail and ba
for county
council
chairman

George Newman, aged 41, chairman of Stafford County Council, was jailed for 12 months for corruption.

Justice Jupp at St. Crown Court yesterday for months for corruption. Judge said Mr Newman forfeit his public office as barred from serving in public life for five years.

Jack Nicklin, aged 41, builder, and Mr Newman fellow defendant, of Gorse 1 Brereton, was jailed for months.

Mr Newman, described the judge as a brave, courageous man, for 40 years a leading Staffordshire politician, was found guilty of charges of corruptly receiving a total of £3,000 and guilt corruptly receiving a total of £3,000 and guilt corruptly receiving a total of £3,000.

He was cleared corruptly receiving £200,000. He was cleared corruptly receiving £200,000. He was cleared corruptly receiving £200,000.

Mr Nicklin, father of children, was convicted of charges of corruptly giving Newman £2,000. He was found guilty of two charges giving him £1,200.

Mr Newman, of Chads Road, Rugeley, who in 1968 made a CBE for services to local government, was described by Mr John Field Evans, for the prosecution, as a corrupt and influential councillor who lined his pockets with the pay of a local councillor.

He said "all the off-involvement planning applied by Mr Nicklin and his pany, Economy Homes between 1970 and 1973, Mr Newman was a member of Staffordshire County Council and Rugeley Urban District Council."

It was said that Mr Newman received a cheque for £1 after Economy Homes made a £150 land option on a £2. The prosecution alleged Mr Newman disclosed confidential information that a belt land was to be rezoned for housing.

Liquorice may
put addicts
'out of sorts'

By Our Medical Correspondent

Liquorice sweets — blunts, laces and all — cause internal chemical change if eaten regularly, a group of New Zealand doctors say in article in the *British Medical Journal*.

They found from tests at Princess Margaret Hospital, Christchurch, that volunteers who ate 40g to 80g liquor every day for several weeks gained weight and their ankles swelled. Biochemical investigations showed that they had increased potassium and sodium and that the hormonal control of the amount of water in the body had become disturbed.

Many of the volunteers gave up their liquorice within a few days because of discomfort, swelling, headache, or loss of energy, suggesting that the symptoms are likely to prevent anyone from doing his serious work. But the report suggests that doctors should give a warning against the eating of liquorice by patients with raised blood pressure or heart disease.

Care for girl
who took baby

A girl, aged 15, who took baby girl from her pram 1 month after reading a book about a girl who snatched child was put into care at Wimbledon Juvenile Court, London, yesterday.

The girl left the child at hospital nine hours after taking her, after watching a television item on the police search. She went to Wimbledon police station with her father.

Vaccination gain
emphasized

A committee representing family doctors yesterday urged parents to continue to have children vaccinated against whooping cough.

The General Medical Services Committee said the gains from vaccination greatly outweighed the risk of brain damage. It said London Heathrow, which continued there might be a serious epidemic.

Inquiry into fire
bomb leaflets

The Students' Guild at University College, Aberystwyth began an inquiry yesterday into the use of the guild's printed equipment by a student to produce leaflets describing how to make fire-bombs.

The leaflets were confiscated but later returned, because was thought that they would be regarded as a joke

ARTISER'S ANNOUNCEMENT

e'll take
ore care
you

19

British airways ANNOUNCE

Friday, February 18, 1977



clusive trips to Japan, USA and other top markets

PACKAGE DEALS FOR BUSINESSMEN

NESSMEN who hit the export trail to new orders can land their first great even before they take off — thanks to h Airways.

airline is now arranging inclusive trips to mportant cities — in Japan, the United and other leading world markets. Packages from the U.K. include return flights, hotel services and hotel accommodation at a ver than companies would pay if they booked its and accommodation separately. urse, total flexi- be achieved only g normal fares. tours, however, he cost considera- ose who have the forward planning. savings must help s get even more out of their travel

for instance, is a

Announce Reporter

Flight to Chicago and ten nights at the Conrad Hilton Hotel costs from £405. There are also packages to Detroit and New York.

Others are available to Hong Kong, Bangkok, Tel Aviv, Malta and cities all over Europe.

Missions

Apart from sales expedi- tions, the packages are also ideal for people who wish to attend trade fairs or conferences abroad.

The booklet, "British Airways and the Business Traveller", contains other invaluable travel information for businessmen and their companies.

This includes advice on arranging conferences around the world.

It also gives details of "Thinkaway" packages for executives who want to examine complex company problems without disturbance, and Study Tours for fact-finding missions overseas.

Reward

British Airways "Skyhigh Awards" incentive scheme which can be used to encourage sales and profits and to reward outstanding achievements.

"British Airways and the Business Traveller" can be obtained from British Airways shops, travel agents or by writing to British Airways Business Travel (Ref. C), 18, Crimsdon Street, London, SE1 5TS. For businessmen who already have a copy, a supplement of prices from April will be available soon.



where more British e vital, and the Airways business s to Tokyo are he cheapest availa-

deals to the United where experts predict may is about to take also excellent value.

of the packages and are given in a book- ish Airways and the Traveller", which in every executive's . For the period May er, these include:

Return flight and ghts at Tokyo's New el costs from £480. ID STATES: Return

ring to Georgia

IA on your mind? Then the latest British Airways Transatlantic Link-Up is the answer. Atlanta, Georgia, can now be daily from London Heathrow. Link-Up provides a smooth fly British Airways flight to Boston where a Delta Airlines King to take you on to Atlanta. Other US cities covered by Link-Up arrangements are Houston, Tampa, New Dallas and San Francisco.



British audio equipment on show in Tokyo

Picture by courtesy of B.O.T.S.

Massive cuts in fares to Europe

Back to Beirut

BEIRUT is back on the British Airways destination board. A weekly non-stop VC10 flight to the Lebanese capital has been reintroduced from London Heathrow.

The Tuesday flight departs Heathrow at 0900 arriving in Beirut at 1530 local time. The return, which is also non-stop, leaves Tuesday at 1645 arriving at Heathrow at 1940.

FLY THE FLAG on a Poundstretcher to Europe at well under half the normal fare — that's British Airways new bonus for travellers. From April 1, fares to Italy, Greece, Turkey, Yugoslavia and Cyprus have been slashed.

Travellers qualify for the new cheap fares as long as they book and pay for their flight at least a month in advance for a minimum stay of two weeks — one week only in Greece — and a maximum of three months. It has all been made possible by new APEX — Advance Purchase Excursion — fares introduced by British Airways who pioneered this type of fare to the Caribbean in the early 1960s.

The new low fares on scheduled British Airways flights give a tremendous cash saving to the holidaymaker who wants to go it alone. These are just a few examples of the new cheaper fares which will be applicable from April, with the normal scheduled fares in brackets, all fares from London. Rome £77.50 (£211) a saving of 63 per cent; Venice £72.50 (£181) 60%; Belgrade £103.50 (£218) 53%; Athens £85 (£292) 71%; Corfu £83 (£262) 69%; Istanbul £86 (£296) 71%; and Cyprus £132.50 (£304) 66%.

Concorde heads for Texas

A PLAN has been proposed which would allow Concorde to fly across America between Washington and Dallas/Fort Worth.

The agreement between British Airways and Braniff Airlines — which is subject to U.S. Government approval — will mean that Concorde would operate direct between London and Texas.

After flying supersonically to Washington, it would be leased by Braniff for a return flight below the speed of sound to Texas.

Cartoon by Ross



This is your airline speaking

TUNE IN to Flight Watch, a British Airways and London Broadcasting production aimed at giving travellers up-to-the-minute flight news.

Every morning from 6.30 to 8.45 Flight Watch gives LBC

listeners half-hourly information on that day's British Airways flights. Broadcasting from the British Airways studio at West London Terminal, the bulletins go out on 261 metres Medium Wave and 97.3 VHF.

Give your family a flying visit

VAST NUMBERS of Britons have relatives and friends in Australia, New Zealand, Canada, the United States and South Africa... and the best way to visit them is to fly the flag with the reassuring "home from home" service of British Airways.

Flying to those countries is frequently cheaper than most people think.

For example, while everything else seems to be rising in price, British Airways now offers cheaper than ever scheduled fares to Australia. Up to £79.50 has been cut off current fares and a return flight to Perth, for example, is available for as little as £425.

So it's a good time to start planning that long promised reunion with friends and relatives living Down under. British Airways is the only airline flying from London to all four major Australian centres — Sydney, Melbourne, Brisbane and Perth — every flight by a 747.

Details of the fares available are in the story below.

Fares to New Zealand start at £530.50 return for a stay of between three weeks and six months. There is no advance booking requirement.

North America

If your destination is the USA or Canada then British Airways will get you there at the right price.

Overseas Air Travel (ATOL No. 038AC), flies Advance Booking Charters from Heathrow, Manchester and Glasgow.

London to New York from £122 return. Other flights go to Los Angeles, Chicago, Toronto and Vancouver.

The price is fixed from the day the full amount is paid, and from then on there will be no surcharges.

Flights have to be booked 50 days in advance and OAT offer an easy payment instalment plan plus in-flight complimentary bar facilities.

South Africa

For those planning to go to South Africa APEX comes to the financial rescue offering a £219.50 return flight.

There are daily British Airways flights to South Africa with evening departures making it easier to reach London from the regions.

Poundstretchers are best way to Australia

These are the Poundstretcher fares available to Australia:

APEX (Advance Purchase Excursion). This offers scheduled flights up to £79.50 cheaper than the present cheapest fare. Prices range from £425 return to Perth, £444 to Brisbane, and £450 to Sydney and Melbourne. They allow a maximum stay of nine months and a minimum stay of 21 days.

Available from April 1, bookings must be made 90 days in advance, but a special dispensation has been allowed for passengers booking in February to

Clubs smooth the way

THE reunion clubs formed by British Airways to take the fuss and worry out of flying to Australia, Canada and the USA are an outstanding success.

More than 40,000 people planning to visit friends and relatives overseas have joined. The founder membership fee of £1 will end on April 1, and the fee will then be £2.

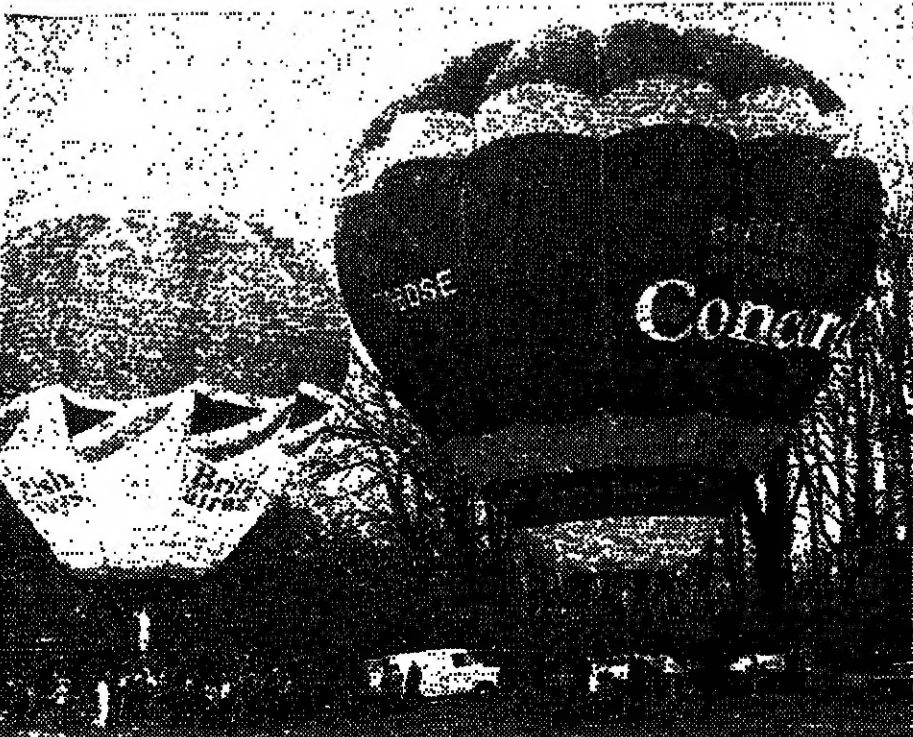
The Australian, Canadian and American Reunion Clubs are open to all UK residents with friends or relatives living in those three countries.

Benefits

They offer tremendous benefits:

- Up to date information on the cheapest approved fares.
- A special savings plan designed to help old and young — You can even fly now and pay later.
- Quarterly club magazine.
- Emergency travel insurance.
- Special rates for Godfrey Davis car hire to Heathrow.

Further details can be obtained from British Airways Travel shops or leading travel agents.



ESN'T look like Concorde. It doesn't fly as fast as Concorde. But it is called Concorde. This balloon, a descendant of the earliest attempts at manned flight, is ad by several British Airways pilots — who fly it for fun as a break from flying e of the world's latest aircraft.

For reservations or further details, see your travel agent or British Airways shop

PARLIAMENT, February 17, 1977

Letters show no case for alleging huge social security fraud

House of Commons

Mr James Lamond (Oldham, East, Lab.) asked the Secretary of State for Social Services for a statement on current measures being taken by the Government to deal with social security fraud, and whether he had investigated allegations of widespread fraud and abuse made in letters that have been submitted to him.

Mr Stanley Orme, Minister for Social Security, in a written reply, said: In statements to the press on July 29 and September 21 last year I have said that the Government intend to tackle the problem of social security fraud and abuse. I welcome the opportunity to make a progress report about the measures my department has been taking in close co-operation with the Department of Employment.

In the longer term it is of overriding importance that we improve our means of preventing fraud. But it is clearly an immediate and continuing task to detect and prosecute the fraud which does take place.

The number of prosecutions doubled over five years, from 7,700 in 1970 to 15,400 in 1975. Over the past year they increased even more sharply, by about 25 per cent to over 19,000. This is a considerable achievement by the staff of both departments, and it has been done without any lowering of standards; there will have a 98 per cent conviction rate.

As well as bringing this much larger number of cases to Court, we are actively engaged on some 40 specific studies into ways of improving our defences against fraud and abuse.

In assessing the results of these studies it will be necessary to take account of current limitations on civil service staff numbers; and we must ensure that the most vulnerable claimants are treated in a humane and civilized way.

The social security system is now concerned with paying over £10,000 annually to an average of 13 million people a week of whom at least 60 per cent are retirement pensioners. We process some 22 million fresh claims each year.

These figures indicate the scale and the nature of the task. Our enterprise we are engaged in, and they should serve to put this problem in perspective.

But we are giving high priority to the completion of the first phase of these studies by September this year, and we shall implement measures arising from them as quickly as we can.

In particular we shall pursue every possibility of dealing more effectively with those who are employed who, for their own financial advantage, help claimants to social security benefits to work on the side. Our two departments are very ready to examine any evidence that can be provided of collusion by employers, and to take the first action against them.

It does not wish to be the main stress on these efforts to deal with detected fraud. Prevention is even more important, and we are continuing to use the knowledge gained from successful prosecutions to stop similar frauds happening in future.

A special review of criminal techniques was completed in December and the knowledge gained was used to assemble a package of measures which has been distributed to all local offices to encourage staff to have a greater awareness and understanding of possibilities of fraud.

side my must give priority to economic recovery and particularly to tackling the evil of unemployment.

In the longer perspective we must build on what has already been achieved in the way of European cooperation and integration, always seeking to reconcile what is desirable in the future with what is acceptable and possible.

Lady Tweedsmuir of Belhelvie (C) said Britain should be sure that they were not holding up their partners in the Community through publishing their direct elections Bill too late for the Boundary Commission to do its work in time to meet the target date. Disillusionment among the partners would be profound and Britain's influence in other spheres of the Community would wane.

Lady Kiles (C), for the Opposition, said it was a great admission of defeat and lack of political will for the Government to refuse to do so. The Government had managed to do so. The Government had not taken this decision for short-term political reasons.

Lord Banks (L) said there was reluctance by the Government to talk about the future shape of the Community. He said the future light was the vision, however distant, of European political and economic union.

Lord Brindley (L) said that by January 1, 1978, Britain was required to have a further 10 per cent adjustment of food prices. Unless there was a further 4 or 5 per cent adjustment, the inflationary spiral would be reduced. They should concentrate a little more on practicality and a little less on distant horizons.

Lord Brindley said the only way to get legislation through on direct elections was to adopt some form of proportional representation.

The debate concluded.

Lady Phillips (Lab) said the confidence of consumers had been shaken.

Lord Strabolgi, Captain, Yeoman of the Guard, said the boards expected consumers to save up to 10 per cent of their annual bill by transferring to the optional white meter.

The boards did not discriminate against off-peak users nor was it their intention to do so in future. Off-peak rates would continue to be very much lower than ordinary rates.

They would be kept as low as possible consistent with covering the cost of supplying electricity to the consumer.

House adjourned, 8.8 pm.

Devolution Bill guillotine: Mr Foot dismisses claims motion will be

Mr Michael Foot, Lord President of the Council and Leader of the House of Commons (Ebbw Vale, Lab.), in announcing the business for next week said there would be consideration on Tuesday of the timetable motion (guillotine) on the Scotland and Wales Bill.

Mr Margaret Thatcher, Leader of the Opposition (Barnet, Finchley, C) said this was the most disgraceful and disingenuous use of the guillotine—use of the guillotine we have yet seen in this House.

The Bill raises constitutional matters which have not been discussed in this House for 30 years. This Bill is really three Bills—the Scotland Bill, the Wales Bill, and the referendum Bill—and he is attempting in one guillotine, to suppress discussion of matters of supreme importance to everyone in the United Kingdom.

Does he not agree he will be thoroughly debasing the standard and standing of Parliament when he goes to the people of Scotland and Wales to consult them on a referendum after having prevented their elected representatives from discussing many questions in the Bill? (Conservative cheers and Labour protests.)

Will he not reconsider this motion, bearing in mind also that one third of the discussion time has so far been taken up by members of the official Opposition and therefore he is gagging his own people as much as MPs are gagging the House? (Labour laughter.)

Mr Foot—I detected a note of criticism in some of her remarks, (Labour laughter.) Under normal procedure the best time to discuss this would be next Tuesday.

Mr John Edey (Bournemouth, West, C) will debate the Bill on Tuesday next, full day until 10 pm or will Mr Foot curtail that as well?

Mr Foot—The debate will last for three hours, as it has done on previous occasions.

Mr Eric Heffer (Liverpool, Walton, Lab)—In the event of the Government not actually getting its guillotine motion—(Conservative cheers)—I think the Government must consider that the best way to deal with this situation would be for the House to decide to go on to discuss the Bill.

Mr Foot—The House has already decided to go on to discuss the Bill. I am not a member of the House and I cannot take part in the debate.

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Mr Foot—I do not think the right course for the House is to discuss these hypothetical possibilities now but to discuss them on Tuesday. We have consulted the people of Wales and Scotland on the introduction of this motion, and I hope all MPs will take that into account.

Mr Le Grindon (Orkney and Shetland, L)—Would he consider an amendment under the standing orders to allow longer debate than three hours because it has an unusual feature in that after this Bill has been committed an important constitutional point was raised, the referendum, and we have yet to see the Government's precise proposals for it.

Mr Foot—The Government have arranged matters so that there will be full time to discuss all these questions. In the debates we have heard from the Opposition and Government's proposals and the main proposed principle about the referendum was accepted by a large majority.

Mr Leopold Abbe (Pontypool, Derby, Lab)—Will Mr Foot reconsider his motion should and must be discussed in the House. It should be done at a fairly early date. I cannot say that it is not a long time to wait, but I promise that we shall take it early.

Mr Eric Ogden (Liverpool, West Derby, Lab)—Will Mr Foot not worry too much about differing points of view as to whose head should be put on the guillotine? This should be decided by votes as well as voices.

Mr Foot—It will be decided by votes.

Mr Francis Fynn, chief Opposition spokesman on devolution (Cambridgebridge, C)—It is entirely wrong to give the House a whole day for a timetable motion. In all the circumstances it would be appropriate to give a whole day if Mr Foot must bring in this motion with which I passionately disagree.

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motion, new clause 40 and amendments to the Bill (referred to as the "guillotine" motion) will be discussed on Tuesday. All in the name of the Leader of the House, ought not to be cited or drawn into precedent on any future occasion.

Mr Foot—I do not think the right course for the House is to discuss these hypothetical possibilities now but to discuss them on Tuesday. We have consulted the people of Wales and Scotland on the introduction of this motion, and I hope all MPs will take that into account.

Mr Le Grindon (Orkney and Shetland, L)—Would he consider an amendment under the standing orders to allow longer debate than three hours because it has an unusual feature in that after this Bill has been committed an important constitutional point was raised, the referendum, and we have yet to see the Government's precise proposals for it.

Mr Foot—The Government have arranged matters so that there will be full time to discuss all these questions. In the debates we have heard from the Opposition and Government's proposals and the main proposed principle about the referendum was accepted by a large majority.

Mr Leopold Abbe (Pontypool, Derby, Lab)—Will Mr Foot reconsider his motion should and must be discussed in the House. It should be done at a fairly early date. I cannot say that it is not a long time to wait, but I promise that we shall take it early.

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medical possibility because there is a possibility more likely to be hypothetical than Mr Foot getting his guillotine next Tuesday.

Mr Foot—All these questions are for debate. The proposal made by Mr Heffer and supported by Mr Foot is not to solve the situation. He has been opposed to the proposal for devolution to Wales, but in every assembly in Wales where he has been, he has not said and he may say again.

Mr Douglas Henderson (East Aberdeenshire, Scot Nat)—In the event of the guillotine motion failing, will the Government consider this as an issue of confidence and design to bring the Scottish people can pass judgment on them?

Mr Foot—None of these outrageous hypotheses is to be discussed now. (Laughter.)

Mr Eric Moonman (Basilston, Lab)—Is he satisfied he is protecting the interests of the back-benchers? He introduces this guillotine with a relatively short amount of time for it?

Mr Foot—What we have proposed is proper. We are giving an opportunity for the House to decide on a question which is of great importance to the House.

Mr Foot—It will be decided by votes.

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Mr Eric Ogden (Liverpool, West Derby, Lab)—Will Mr Foot not worry too much about differing points of view as to whose head should be put on the guillotine? This should be decided by votes as well as voices.

Mr Foot—He will have plenty of time during the debate to make up his mind on the merits of the matter.

Mr Norman Buchan (West Renfrewshire, Lab)—There will be a wide appeal, welcome throughout Scotland for the proposal to have a timetable. If we fail to get this Bill through the House and submit it to the people of Scotland, there will be only a group of people, instead, despite their support for the timetable motion, if this Bill goes into the sands—the Scottish National Party.

On noting a timetable motion through demands the survival of the United Kingdom.

Mr Foot said that Mr Buchan's amendment would be one of the first matters to be discussed on Thursday.

Mr David Crouch (Canterbury, C)—Does he consider he has become a member of the House and has an opportunity to draw on the strong reserves of generosity? There is a strong feeling in the House that we want longer to discuss the debate.

Mr Foot—Most people have agreed that timetable motions even on important Bills can be properly considered within the three-hour period. The standing orders of the House suggest that so many years ago to deal with the situation.

I am always prepared to see whether our procedures should be altered in some way to accommodate any proposals. There is not a strong case for it in this instance.

Mr Ronald Atkins (Preston, North, Lab)—Would he indicate before the debate whether he is to consider making any major concessions on the Liberal proposals like granting taxation to the assembly?

Mr Foot—What the Government have to say on a number of occasions has indicated that they are prepared to consider fresh proposals about a marginal taxation arrangement. (Cheers of "Oh"s.)

Mr Foot—The way in which matters are dealt with in the House is a matter of order and procedure. It is not a matter of substance. I will look at the matter in the light of the House's business.

Mr Timothy Raison (Aydon, North, Lab)—I support what Mr Foot has said. I am not a member of the House and I cannot take part in the debate.

Mr Eric Ogden (Liverpool, West Derby, Lab)—Will Mr Foot not worry too much about differing points of view as to whose head should be put on the guillotine? This should be decided by votes as well as voices.

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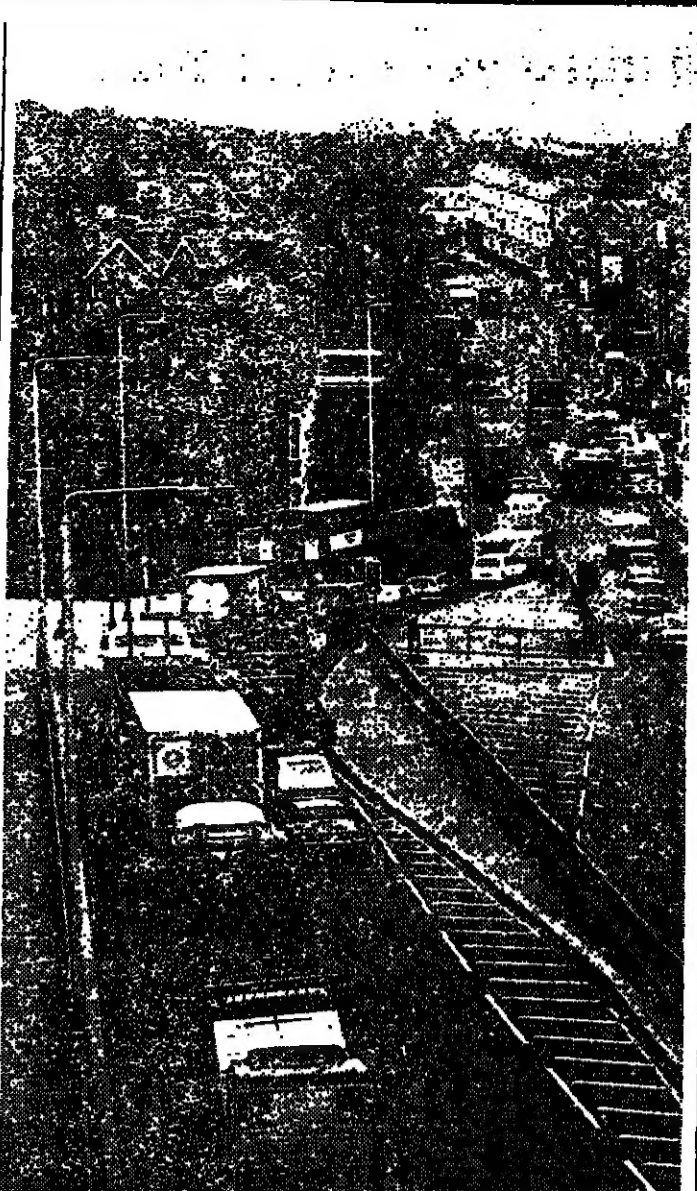
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NEWS

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Road inquiry announced: Traffic in Archway Road, north London, yesterday, the proposed widening of which is to be the subject of a new inquiry, starting on April 19 (our Planning Reporter writes).

to meet over pay

members of the Police Superintendents' Association were meeting officials at the Home Office.
The association said later: "We have told the Home Office that we wish this dispute with the federation to be settled as quickly as possible. We also want to put in a pay claim, but until the men on the beat have resolved their problems we cannot ask for more money."
Parliamentary report, page 6

New car from
Aston Martin

A new sports car with exceptionally fast acceleration is announced today by Aston Martin. It is called the Vantage, and is a development of the company's two-door V8 model, which remains in production (our Motoring Correspondent writes).
Modifications to the 5.4 litre alloy engine have produced a claimed top speed of 170 mph and acceleration from rest to 60 mph in 5.3 seconds.

In brief

IRA prisoner is
attacked

Martin O'Connell, one of the four IRA men sentenced to life imprisonment last week for his part in six murders and other offences, was attacked by another prisoner in Walton prison, Liverpool, on Saturday.
The Home Office, which did not name Martin O'Connell, said: "When the prisoners were coming in after exercise a prisoner hit another prisoner in the face once. The prisoner who was assaulted and the prison officers were unable to identify the attacker."

Immigration
rose by 6 pc

An increase of just over 6 per cent in the number of immigrants to Britain in the third quarter of last year, compared with the similar period of 1975, was reported by the Home Office yesterday. The sharpest increase, of more than a fifth, was in the number of foreign non-EEC nationals. Between July and September, 3,384 (2,750 in 1975) were allowed to settle on arrival.
The number of United Kingdom passport holders admitted was 2,969 (3,396) and 5,963 (5,409) other Commonwealth citizens were allowed entry.

Gliding mishaps
'carelessness'

Injuries and deaths in the sport of hang-gliding are generally the result of carelessness, Mr Martin Hunt, chairman of the British Hang Gliding Association, said yesterday.
He told a symposium on the sport at the Royal Aeronautical Club, London: "It is a sport loaded with potential hazards, very few of which are likely to cause serious harm, provided they are approached sensibly and handled carefully."

Anemometer to
control by-pass

An anemometer, which measures the force of wind, will command the use of an £8.4m by-pass to be opened at Dover today. A section of the Dover mile by-pass is on viaduct that climbs from sea level to the top of the cliffs.
When the wind gets too strong the anemometer will set off an alarm and that section will be closed to all traffic.

Sisters found gassed

Two elderly sisters, Rosanne and Agnes Boyd, were found gassed in their council house in Hovgate Road, Hamilton, Strathclyde, yesterday. Police said there were no suspicious circumstances. Gas board officials are investigating.

WEST EUROPE

Rome's leftist students shout down
Communist trade union leader

From Peter Nichols
Rome, Feb 17

The Communists' attempt to reimpose order in the chaotic university life in Rome took a violent setback today when students of the extreme left refused to give in hearing to Signor Luciano Lama, leading Communist trade unionist. He was already hanging in effigy by the neck by the time he arrived at the university gates.

By midday some 50 young people had been hurt in fighting between Communists and members of the various extreme left-wing groups occupying the university. Insults were exchanged. The Communists shouted: "Assassins" and "Fascists" at the extreme left, who replied, shouting: "Servants" and "Fools" and making ironic gestures referring to the fact that the official Communists were demonstrating with protective ranks of riot police in full equipment behind them.

One commented: "They are using the methods of Prague—provocation and then intervention by the armed forces." The extreme left believes that the Communists have betrayed the cause by becoming a party of government. Some of these groups refuse to accept parties at all and feel most passionately against a Communist Party sharing power with the governing Christian Democrats through supporting the government. If the Communists are not officially members of the Government.

The Communists, for their part, have regarded themselves as supporters of discipline and order ever since the great student riots of 1968 caught them



Signor Lama tries to make himself heard

unprepared. No one talks with greater insistence than Signor Berlinguer, the Communist leader, of the need to study seriously, to accept sacrifices in order to gain an education to maintain a disciplined student life, and to be morally worthy.

Nothing could be further from the moralism of the Communists than events in a number of universities including Rome in the past few days. Yesterday there were demonstrations against proposed governmental reforms. To this many of the left-wing students (on this at least the whole left is agreed) added another protest against the presence of young fascists in the universities.

Studies had come to a halt. The universities of Palermo, Rome, Naples, Milan, Padua, Turin and Cagliari were occupied by the students. They were joined by many pupils of secondary schools.

Some of the extreme left-wing groups, extended their protests to include the Communist Party and the trade unions.

The situation within the universities was in no way improved by the speech yesterday in the Senate by Signor Franco Malfatti, the Minister of Education, who appeared impervious to the thought that his reform, which many students do not like, follows nine years of promises not kept. This is the real problem in the universities.

And so it was a gamble when the Communists decided that Signor Lama should go to Rome University today and speak from the steps of the rector's offices about teachers' salaries and the problems of university students and graduates seeking work.

Signor Lama, a Communist, is the leader of the predominantly left-wing union federation, but he regards the trade union movement as autonomous from the politicians.

He could be expected to run less risk than a straightforward Communist politician. He can also be an attractive speaker. But today he was given no chance to show his oratorical talents.

Interruptions began early in the speech, most of them of a good-natured kind. Some of the students shouted slogans which were the opposite of Signor Lama's known policies, such as: "We want more money not jobs." But the tone soon changed. Fighting began between Communists and the extreme left. Stones were thrown and one student sprayed the crowd with foam from a fire extinguisher.

Community plan
for customs
union with Malta

From Our Own Correspondent
Brussels, Feb 17

The European Commission has approved a proposal to open negotiations with the Maltese Government, aimed at eliminating remaining trade barriers and establishing a full customs union between Malta and the Community. The proposal will now be put before the Council of Ministers.

The negotiations would be conducted under the terms of the association agreement which Malta signed with the EEC in April.

With the exception of refined petroleum products, all Maltese industrial goods now enter the Community duty-free, though four sensitive categories of textiles remain subject to quotas.

EEC move to ensure its
supplies of uranium

From David Cross
Brussels, Feb 17

The European Community today took a significant step towards ensuring unimpeded and steady supplies of uranium for its power stations. These have been threatened by the growing clamour, particularly in North America, for tighter safeguards on overseas sales of nuclear materials.

After nearly two years of tortuous negotiations with EEC member states, the European Commission has notified the International Atomic Energy Agency (IAEA) in Vienna that all the safeguard and verification procedures required under the 1970 non-proliferation treaty have now been implemented by the Community. This means in effect that

eight of the Community's nine member states are now applying IAEA safeguards and allowing inspectors from Vienna on to their territories to carry out verification procedures. France, which has refused on-the-spot checks, remains the odd man out.

Nevertheless, there is considerable optimism in Brussels that France will shortly change its mind and enter into a trilateral agreement with the IAEA and Euratom, the Community's nuclear wing, similar to the one concluded by Britain last September. The voluntary agreement signed with Britain which, like France, is a military nuclear power, allows the IAEA to inspect non-military nuclear installations.

Fast wives
rule over
Rhineland
carnival

From Dan van der Var
Bonn, Feb 17

Any man reckless enough to wear a tie in the Rhineland today runs the risk of having it cut off below the knot by a tipsy vingo armed with scissors. This curious custom is just one of the many strange manifestations of the German carnival tradition.

The five-day celebration until Shrove Tuesday marks the risk of the carnival season, which officially began at 11.11 am on November 11. It is the biggest party of the year in the Roman Catholic half of West Germany.

Today is Weiberfastnacht—wives' fasting eve, or, inaccurately translated but accurately spirit, fast wives' night. It is the day on which the women dominate the festivities.

This festival was invented by the washerwomen of Beuel on the Rhine opposite Bonn more than a century ago.

These washerwomen objected to the fact that the men used to have most of the fun at carnival time and decided to have an annual fling of their own. The tradition has become widespread.

The flouting custom is taken seriously. Girl pupils chop the ties of their schoolmasters, secretaries those of their bosses and any man wearing a tie on the street is fair game.

A kiss may also be demanded from the victims, who tend to complain that the enthusiasm of the perpetrators varies in inverse proportion to their beauty.

Another of today's customs brings local government to halt. At 11.11 am crowds of women "storm" the town halls, overwhelming the token resistance of the mayor, and cutting off his tie.

Paralysis also struck the Federal Government in Bonn. There was dancing in the Chancellery and it was impossible to get any sense out of ministry switchboards.

The man owning the bookshop near the Federal Parliament turned up dressed as a washerwoman, with heavy make-up and an impossibly exaggerated bosom.

Transvestism is a strong element of the carnival tradition. Among the crowds there are respectable fathers of families who have raided their wives' wardrobes. Some women return the compliment by turning out in male attire.

In the evening there are fancy-dress dances at which the women have the exclusive right to issue invitations to the dance floor.

The carnival tradition here goes back to the Middle Ages and probably beyond.

call for standing commission to supervise the media

ing is the text of a Mr. Moss Evans, Minister of the Trans-General Workers' yesterday at a conference of the TUC, doubt that reputation n by the media can affect the views of general public, but union membership, t only repetition of fions which is dis- selective presentation- its can be more mis- angerous because of basis of fact. We all hat is not said is ore important than ent experience of the ampaign the hysteria aged power of the recent disputes Attorney General and t, none can doubt the wer at the disposal of ad individual unions ndly warned of the adily increasing con- d ownership in the dustry, and in the uly, and of the need ore effective means- proved abuses. This us not been matched ary degree of per- using action taken on supported by the e have had good, red by Congress, a volume of evidence, royal commissions, as been little or no achieving the ends re recommendations the ABS resolution of the TUC evidence, commission remain a basis for action. But very light in action. n of the media, from union point of view, four principal ele- ments: 1, the ownership and control of newspapers and television networks; 2, establishing a means of monitoring the output of the media to establish balance, or lack of balance; 3, devising a practicable code of objectivity, balance, fairness and accuracy, to govern presentation of news and opinion; and 4, a means of policing and enforcing any such publicly agreed criteria. The ability to regularly convey news and views on a mass scale carries with it great power to shape and direct public opinion. That much will scarcely be disputed by any interested party. Therefore the media possess great powers, potentially very dangerous to the community at large, and particularly dangerous to the interests of any class, section or group who do not have effective control over any section of the media. One standpoint, therefore, is clear. The public are entitled to protection from abuse of this power to influence it. Those who possess these powers must be required to exercise them within the terms of an "operator's licence". The qualification for holding such a licence must be the acceptance and practice of clearly defined standards of responsibility and accountability. TUC policy has already defined the instruments necessary to the attainment of a standing commission for the media is required to fulfil the following functions, through appropriate committees and other bodies: a) A continuous check on the ownership and control of all newspapers, magazines, radio and television networks, to prevent any further concentration, to publicise all intertwining interests, and actively to promote dispersion of ownership and control. The necessary committee would be responsible for advising government on any subsidy seen to be required to preserve a viable and free press, and for continuously reviewing the economic situation in the industry. b) To give large and representative groups in society, such as the



Mr Evans: "Fight for a free press."

immediate and public investigation of all such complaints, and the full, immediate action necessary to correct any misleading information or to redress any lack of balance. c) A responsibility reserved through a committee of employers and trade union representatives from within the industry, to pursue government action in the industry, through full recognition of trade union rights at all levels, and the active encouragement of industrial democracy in the industry. The commission envisaged would be thoroughly representative of all major sections of the community, through public appointment following consultation with unions and employers in the industry, and would, of course, be responsible to the appropriate minister. Panels of advisers from the appropriate unions and employers' bodies should work with the commission. I believe, that to protect our essential interests, the trade union movement requires its own continuous monitoring service covering all the media to keep under scrutiny, treatment of all our activities, and those aspects of government action in the industry, through full recognition of trade union rights at all levels, and the active encouragement of industrial democracy in the industry. We must fight for a free press in this country, and the right for all views and opinions to be expressed. But a freedom limited to a very small and powerful section of the community is no freedom, it is privilege and patronage. And we must insist upon real public control of television and radio in order to give the public freedom of expression. We must never forget that for years the blame for all the country's economic problems has been left at our door. All this nonsense about high wages and irresponsible workers has gone virtually unchallenged. In the media, Don't forget that the power that persuades people that trade unions wield irresponsible power over wages and disorganise the country would subvert the real power of our movement, which rests in the unity of purpose of our members.

Landlords urged to make
stand against officials

Private landlords in Nottingham have been told by their solicitors to use force if necessary to get rid of council officials found on their property without permission or without a court order.
A statement from the solicitors, issued yesterday, said legal action would be taken in the civil court against individual officials of Nottingham City Council who entered buildings without authority.
It added: "Entry has been obtained without any form of permission from the owner or occupier simply by opening an outer door and walking in, or by adopting an officious or even intimidating attitude."
"Someone must make a stand against these intrusions into the privacy of our homes. Accordingly, members of the Private Landlords' Association are forthwith instructed to deny access at all times to employees from the Nottingham department of environmental health without court orders and to escort them by force, if necessary, from the property."
Mr Royce Young, chief environmental health officer, described the allegations as vicious and said they were totally denied.

Larry Adler decree

Mrs Sally Adler, aged 38, the wife of Larry Adler, aged 63, the harmonica player, was granted a decree nisi in London yesterday based on two years' separation by consent.

Literacy drive success

Nearly 110,000 adults have come forward for help with reading and writing since the Adult Literacy Campaign was started in 1975, the BBC said yesterday.

Williams & Glyn's knows that a bank that needs chasing needs changing

Paying a bank for its services is an expensive luxury if you have to keep checking to see that instructions have been followed.

But one bank you'll rarely hear accused of such inattention to detail is Williams & Glyn's. We're more vigilant than most because our branches tend to be smaller and more management time can be allotted to the supervision of individual accounts.

You'll find Williams & Glyn's a refreshing change in other ways too. If you need a decision, you could expect to get it more quickly because there is no elaborate hierarchy within the bank to delay it.

Wouldn't you prefer to save your energies for your business instead of wasting them on chasing your bank? Call in at your local Williams & Glyn's branch. Or write to:- Marketing Development Office, Williams & Glyn's Bank Ltd., New London Bridge House, 25 London Bridge Street, London SE1 9SX.

Five ways to more profitable business

- Quick Decisions**
The shorter chain of command at Williams & Glyn's ensures you of a quick response.
- Documentary Credits**
Where appropriate, arrangements can be made for importers and exporters to guarantee payments to suppliers.
- Corporate Trustees**
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WEST EUROPE

25 Danish papers stopped by strikes

From Our Correspondent
Copenhagen, Feb 17
Strikes by technical staff stopped the publication today of 25 Danish newspapers representing well over half the total press circulation.

Members of printing unions were protesting against a labour court ruling yesterday which ordered the technical staff of the Berlingske publishing house to return to work immediately.

The Berlingske employees have ignored the order. They will hold a meeting on Monday to decide whether to resume work.

Union officials attack the labour court as an extension of the powers of employers, and want to eliminate it as the final authority in labour disputes.

Printing unions are fighting as well to preserve some concessions gained in the past which have been dropped by Berlingske because the company faces a serious loss this year. Berlingske also intends to introduce new technology and work schedules to simplify production and reduce printing staff by about 300 of the present 1,000.

The conflict at Berlingske has hindered publication of its two main newspapers, *Berlingske Tidende* and *B.T.* since January 30. The national newspapers, *Politiken* and the mass circulation *Ekstra Bladet*, as well as the leading provincial newspapers, did not appear today.

The labour court is a rudiment from the past, an instrument of ruling class oppression of those without possessions. Mr. Louis Andersen, the leader of the Copenhagen typographers' union, said on the Berlingske decision.

He asserted that the labour court had accepted the arguments made on behalf of Berlingske on every point and that none of the unions' counter-claims had been supported.

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Franco loyalists still unable to accept the new order

Spain's march to democracy has shattered morale of police

From Harry Debelius
Madrid, Feb 17

Visitors to senior officers at the central security police headquarters in Madrid's Puerta del Sol see pictures of King Juan Carlos on the walls. But in the basement, where prisoners sleep in small cells on concrete slabs, the photographs of Franco have not been removed.

In a way, that is symbolic of what is happening in the ranks of the powerful security police and the armed forces: those who venerate the authoritarian system and the authoritarian system, are going underground.

Not even most Spaniards are aware of the extent to which police morale has been shattered by the march toward democracy, nor of the serious dissent within the armed forces.

While a military uprising seems unlikely, there is strong resistance to the Government's policies, frequently resulting in disobedience and insubordination.

Unless the Government can control the police and the security forces, the armed forces, Spain will be threatened with a breakdown of authority and a consequent increase of violence.

Weeding out the many people formed by, and still loyal to, the old order is a difficult and politically dangerous task, as Señor Suárez, the Prime Minister, first found when he and the King tried to put Lieutenant-General Santiago y Díaz de Mendiola, the

former Deputy Prime Minister, and another conservative officer on the inactive reserve list.

The generals balked at the royal decree, and an embarrased Government and monarch, discovering that the two generals had much support among the armed forces leaders, backed down.

On other occasions, the Suárez Government has been more successful in neutralising recalcitrant officers, but it has earned the Government, and particularly Lieutenant-General Manuel Gutiérrez Mellado, the present Deputy Prime Minister, the anger of officers who justifiably fear that his planned reforms of the military establishment will unseat them from command posts or comfortable jobs.

When political policemen staged an illegal anti-government demonstration in Madrid last year, the Suárez Government reacted with characteristic speed and firmness.

Nearly 300 policemen, including members of the security police and the paramilitary Guardia Civil, were arrested and the three senior police generals were immediately transferred to distant assignments. Many of the police, after two months in prison, were suspended or dismissed, and 14 were held for court martial.

Temper of some naval officers are seeking too over the recent arrest of Captain Camilo Menéndez Vives, executive officer of the Navy War College, and the transfer of his

capitals for three years to the status of embassies.

Señor Ibarruri has already had at least one application to return refused, but it is thought the situation may have changed, since the Communist Party has applied for legal status in Spain.

Señor Santiago Carrillo, the party secretary-general, who also played a prominent role during the civil war, is living openly in Spain, though he was briefly arrested in December.

The return of Señor Ibarruri could be the signal for a final exodus of about 2,000 Spanish exiles still in Moscow. About 20,000 came to the Soviet Union at the end of the civil war.

Madrid: A Communist Party spokesman said Señor Ibarruri had applied for a passport and he believed she would have no difficulty getting one.—Reuters.

Señor Ibarruri, president of the illegal Spanish Communist Party, called at the Spanish Embassy in Moscow last night to make the application. Her secretary, Irene Falcon, is also seeking to return.

Señor Ibarruri, now aged 81, came to Moscow in 1939 at the end of the civil war in which the Republican Government was overthrown by Franco's Falangist forces.

Last week Spain and the Soviet Union established formal diplomatic relations, upgrading the trade missions which had existed in the two

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Madrid: A Communist Party spokesman said Señor Ibarruri had applied for a passport and he believed she would have no difficulty getting one.—Reuters.

La Pasionaria asks for passport home

Moscow, Feb 17.—Señora Dolores Ibarruri, "La Pasionaria" of the Spanish civil war, has applied for permission to return to Spain immediately from her Moscow exile, reliable sources said today.

They said a representative of Señora Ibarruri, president of the illegal Spanish Communist Party, called at the Spanish Embassy in Moscow last night to make the application. Her secretary, Irene Falcon, is also seeking to return.

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OVERSEAS

Anglican Primate's attack adds to church-state confrontation over South African race policy

From Ray Kennedy
Johannesburg, Feb 17

The increasing confrontation in South Africa between the multi-racial churches and the Government took on further significance today with a statement by the Anglican Archbishop of Cape Town.

So far, the renewed outbreak of church-state hostilities has centred on the Roman Catholic Church. Last week the Roman Catholic bishops issued a declaration of commitment which, among other things, identified their full support for the individual's right to refuse to wear military uniform in a campaign which might be racially unjust and defended the Catholic Church's decision to open its private schools to children of all races.

Today the Anglican (Church of the Province), Archbishop of Cape Town, the Most Rev Bill Burnett, added his influential voice to the growing chorus of clerical opinion that South Africa is on the wrong track.

The Archbishop spoke after the death of an African security detainee, Matthew Mabeane, aged 22, who fell 10 floors to his death on Tuesday from a window at police headquarters in Johannesburg where he was being interrogated by security police.

He said: "Imprisoning and interrogating people until they die, banning people and what they say, cannot produce a society which is worth living in."

"Many white South Africans find it increasingly intolerable that so high a price should be paid in this and other ways by black people for the political and economic advantages that we enjoy."

"If prisoners die as a result of injuries received during interrogation that is, at best, manslaughter. If they commit suicide, there must be reasons for their ending their lives in so desperate a fashion. This, also, is wholly unacceptable."

It was reported here today that an investigation by senior police officers has been ordered into the safety of detainees at interrogation centres. A total of 19 people, most of them security suspects, have died in detention during the past year.

A white Anglican priest in the Cape Town black township of Nyanga was sentenced today to three months' jail for refusing to disclose the names of eyewitnesses to alleged police action during the township unrest.

The Rev David Russell told the Cape Town magistrates' court he had undertaken not to disclose the names.

When he was questioned about the prospects of a peaceful solution in the area, Mr Young commented that "peaceful" was a relative term. When he had met the presidents of the "front-line" states in Tanzania, they had all said that there had to be armed struggle, because nothing else would get Mr Ian Smith, the Rhodesian Prime Minister, to the negotiating table.

But they also recognized that there had to be diplomatic initiatives as well, and no one was making a call to "burn Salisbury to the ground". He thought that there had been a measure of restraint in the military actions, together with an increase in rhetoric.

Mr Young added that he was opposed to the "romanticism of violence". He thought that this was largely a feature of people who were not themselves actively involved.

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American UN envoy urges nationalists not to use violence in southern Africa

From Peter Strafford
New York, Feb 17

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Chrome ban 'will not upset Rhodesia'

From Michael Knipe
Salisbury, Feb 17

The Rhodesian Government today said that a repeal of United States Congress Byrd amendment, which United States importers from Rhodesia, regretted but would serious disadvantage Rhodesian mining industry.

Mr Michael Cawood, retort for Mines, said that Rhodesia was able to dispose of some 1 million tons of chrome ore would reach the United States by more circuitous routes higher prices to after its sponsor, the United States, would have the amendment repealed.

Since the introduction of the amendment, Mr Cawood said, consignments of chrome ore to the United States had been absorbed by Rhodesia sustained of 847 professional year, according to statistics, including teachers, 100 accountants, 98 engineers, medical practitioners, nurses and midwives, and 16 African nationalists.

The total loss of active white, Asiatic and Coloured (mixed race) women was 2,601 in 1975 of 726, a gain in 1976 of 726, a gain in 1977 of 726, a gain in 1978 of 726, a gain in 1979 of 726, a gain in 1980 of 726, a gain in 1981 of 726, a gain in 1982 of 726, a gain in 1983 of 726, a gain in 1984 of 726, a gain in 1985 of 726, a gain in 1986 of 726, a gain in 1987 of 726, a gain in 1988 of 726, a gain in 1989 of 726, a gain in 1990 of 726, a gain in 1991 of 726, a gain in 1992 of 726, a gain in 1993 of 726, a gain in 1994 of 726, a gain in 1995 of 726, a gain in 1996 of 726, a gain in 1997 of 726, a gain in 1998 of 726, a gain in 1999 of 726, a gain in 2000 of 726, a gain in 2001 of 726, a gain in 2002 of 726, a gain in 2003 of 726, a gain in 2004 of 726, a gain in 2005 of 726, a gain in 2006 of 726, a gain in 2007 of 726, a gain in 2008 of 726, a gain in 2009 of 726, a gain in 2010 of 726, a gain in 2011 of 726, a gain in 2012 of 726, a gain in 2013 of 726, a gain in 2014 of 726, a gain in 2015 of 726, a gain in 2016 of 726, a gain in 2017 of 726, a gain in 2018 of 726, a gain in 2019 of 726, a gain in 2020 of 726, a gain in 2021 of 726, a gain in 2022 of 726, a gain in 2023 of 726, a gain in 2024 of 726, a gain in 2025 of 726, a gain in 2026 of 726, a gain in 2027 of 726, a gain in 2028 of 726, a gain in 2029 of 726, a gain in 2030 of 726, a gain in 2031 of 726, a gain in 2032 of 726, a gain in 2033 of 726, a gain in 2034 of 726, a gain in 2035 of 726, a gain in 2036 of 726, a gain in 2037 of 726, a gain in 2038 of 726, a gain in 2039 of 726, a gain in 2040 of 726, a gain in 2041 of 726, a gain in 2042 of 726, a gain in 2043 of 72

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THE ARTS

Bike shop dreams

Spokesong
Vaudeville

Irving Wardle

Together with republican politics, returning prodigals, and patriarchal courtships, the bicycle occupies an honourable place in Irish writing (witness Beckett and Flann O'Brien). Stewart Parker's achievement in this much praised transfer from the King's Head is to pull all these strands together in a view of 80 years of Irish history in terms of "the last development in technology that everyone understands".

Under the delectable threat of the planners and the bombers, Frank's bike shop functions both as a whispering gallery for old Belfast and as the setting for his campaign to pacify "five square miles of anger and internal combustion" by poaching the Amsterdam civic bicycles scheme.

Before his dreams are punctured, we get a commentary on the bicycle's evolution from 3500 BC, an introduction to its usefulness in war together with a session of bike drill, the intimate stripping of a ladies' model down to the crank assembly, and a demonstration of the unicycle as a ukelele.

There are plenty of turns and rousing varied chorus numbers by Jimmy Kennedy. But at the same time the sense of a Belfast so thickly invading the stage; a few ex-

hausted lines from Frank's schoolteacher, a pet shop going up in smoke, a brief scene with an overbearing amiable UVF man canvassing for protection money. Not much, but it seeds a shiver down the spine.

In common with much of the best Irish drama of the past 10 years the play touches on big events through the lives of small people. Mr Parker earns no marks for originality in that, nor in adopting the favourite Irish form of the memory play. His big contribution is his ability to say something quiet, positive and funny with his eyes firmly fixed on the present. The limit of Frank's disillusion comes in the superbly modest line: "I don't see any future for an advocate of cycling in this town."

The piece is not without stereotypical Irish characteristics, such as its fondness for polysyllabic witticisms, especially where snide British residents are concerned.

Robert Gillespie's production is somewhat sluggish for a vaudeville piece, especially in its lighting cues, and the quick changing Robert Bridges is emphatically more effective in some parts than others. But the humane tone and honesty of the writing are fully sustained by Niall Buggy and Annabel Levenson. John Scully's loaded set is introduced as a trip to a bike museum.

The Taming of the Shrew
Covent Garden

John Percival

Whatever happened to the laughter? When the Stuttgart Ballet brought Cranko's *Taming of the Shrew* to Covent Garden there were hoots of laughter all through. At the Royal Ballet's first performance of the work on the same stage on Wednesday it was 25 minutes into the piece before the first guffaw was smothered in a gasp of respect. The next 10 minutes before the next. True, the various dances, watched in respectful silence, were nearly all applauded, but what kind of reaction is that to a knock-out?

The performance was simply too genteel. No blame on David Wall, whose Petruchio has a convincing swagger and a nice line in lechery, vividly visible on his malleable features. But before he can strike sparks, he needs a more muscular partner. What was Marie Perle provided. Her shrew was too tame from the start, and when she did start to come alive in the final scenes, it was far too late.

We shall have to wait and see whether the dancers get the necessary edge, or whether other cases will manage better. Watching Lesley Collier's cheerful tenacity wasted in the sweet simplicity

of her present role as Bianca, I could not help thinking she might have been able to pull off the bigger part. The other performance with some guts to it was Michael Coleman's as Horatio. He gives his brief, solo character as well as technique, and puts on an amusingly leering grin as he repeatedly and smugly smooths back a straying lock of long dark hair.

Wayne Eagling puts immense energy into his solos and duets as Lucentio, but there is no romance or fun in his dancing yet. The other solo parts were rather laboriously done, and the celebratory glow of the book better if the performers learn to keep in time with each other and the music.

Not that anyone can be refused sympathy for the lack of inspiration the score provides, as Meret Lotz pointed out on this page last Saturday. Kurt Heintz Stolz's restless adaptation of Scarlat's definition of the wounded snake, drags its slow length along.

What was this burden, and the suspicion of Elizabeth Dalton's designs (stockbroker's Tudor in Padua, would you believe?), the baller needs all the help it can get from its performers: much more than it receives in this production. Even in the Stuttgart production the temperature fell when replacements were on. We must hope for a happier outcome.

Jenafa

Theatre Royal, Glasgow

William Mann

In the present state of economic stringency, joint productions between opera companies will become increasingly necessary. The first venture of this kind within Britain is the shared new production of Janacek's *Jenafa* first shown by Welsh National Opera 17 months ago, now transferred to Scottish Opera with the same sets, producer, conductor and principal soloists.

In Cardiff I had some reservations about it, recently turned out show in Glasgow on Wednesday the same production had been transformed into a shattering, profoundly moving interpretation of what many had long acknowledged as a great opera of the early twentieth century. *Jenafa* is about a small village community where intermarriage breeds complicated family trees so that the main characters are all more or less dimly related. It is about religiously masquerading as decency, love and lust, and the longing for fulfillment or domesticity, also a longing to transcend the peasant environment by education or travel or some such. There is some folkloric nationalism too, relevant to the period, the mid-1890s, but it is not important and Maria Björnson's settings fairly play down the tourist colourfulness.

The tone of the opera is set by the huge mill-wheel in the first act, its frenzied activity mirrored during the prelude by a picture of the Burry's household equally frenziedly peeling vegetables for supper, a perfect reflection of Janacek's music, particularly when Jenafa, longing for the absent lover who has given her a baby, jumps to her feet mouthing mad agony

before rushing away. In Glasgow the scene engraves itself upon the heart; in Cardiff, when the production was new, it passed almost unheeded.

Josephine Barrow's Jenafa is more beautifully sung than before—she has now lodged the music and the words into her ardent personality. Allen Cartwright, too, has turned his Laca into a clumsy old slob in direct with depicting a rebelliously turned to violence or rejection. Gregory Dempsey makes Steva a soft-centred rustic fop, the victim of his own selfishness.

The clou of the production is Pauline Tinsley's Katerinka, a self-centred, tormented dynamo. In Cardiff she sang the part strongly but did not completely suggest the tensions, between the bigoted patriarch and the younger folk, which wing the terrible drama on its way. Now they are terrifically there in full force. Her intrusion into the tipsy carousal in the first act is pyrotechnical: she clutches Steva, dancing on the table with Jenafa, and instantly he tumbles to the ground.

It is chiefly in the second act, plunging longingly for the bastard baby's death, frenetically accomplishing it, trying with all her might to placate Jenafa's two potential suitors, then collapsing in superstitious terror, that Miss Tinsley pulls Janacek's music together, one tiny phrase after another, and creates an electric tension which bids fair to ignite every light in the theatre.

The subsidiary characters are beautifully done, as much testimony to David Pountney's sensitive production over the months as to Scottish Opera's present quality. As impressive, almost as anything, was the precision and subtlety of the three acts, fine solos, perfect style, under complete control, lovely sounds to introduce terrifying drama which came across with equal vividness.

Claude Lorrain
the Liber Veritatis



most beautiful sequences of landscape drawings ever made
 British Museum
 until 26 June

Prospect Theatre's new chairman

Laurence Harbord has relinquished his chairmanship of Prospect Theatre Company to chair the Arts Council's Housing the Arts Committee. He is succeeded as Prospect by David Russell, former chairman of Colman Prentiss and Varley.

Sequel to National Velvet

Bryan Forbes has been signed by Metro-Goldwyn-Mayer to write and direct *National Velvet* as a British-made sequel to one of the studio's best known films, *National Velvet*. The film marks MGM's return to British production after an absence of several years, and photography will start in the West Country this August.

Chayevsky/Lumet television tantrum

David Robinson

Network (aa)
 Leicester Square

Kings of the Road (aa)
 Gate

The Gatekeeper's Daughter (x, London)
 Cinecenta, Panton Street

Cavalcanti
 Retrospective
 National Film Theatre

It is 20 years and more since Paddy Chayevsky and Sidney Lumet erupted into the cinema as the first generation of golden boys to bring new ideas and new vitality from television. Chayevsky's television play *Marty* was filmed in 1955; Lumet made his screen debut with *Twelve Angry Men*, another television adaptation, in 1957.

Twenty years is a long time; and meanwhile Chayevsky and Lumet have evidently become fearful and angry about television. Or maybe not exactly angry, but cross and middle-aged and depressed. *Network*, written by Chayevsky and directed by Lumet, was evidently meant as an apocalyptic *Strangelove* satire, but a lot of the time seems only a crotchety tantrum.

The idea is that Beale, a run-of-the-mill newscaster (Peter Finch), depressed at his television suddenly clips an announcement to his diminishing television audience that next week at the same time he'll be blowing his brains out on screen for their entertainment. Apparently repentant, he asks for a chance to go on and deliver a eulogy to his stream of invective against the world at large and television in particular. Only after he and everyone concerned with the broadcast have been sacked do the ratings start to come in. The audience, used to the bland ineffectuality of the small screen, are thrilled by this verbiage "Mad Prophet of the Air". Everyone is reinstated, and the wretched madman is obsessed with what he now believes is a divine vocation to rearrange the nation every night at six.

Finally, though, he meets a holier being even than God—the big boss of the great corporate conglomerate that has taken over the station, who easily convinces him that his mission is henceforth to promote the gospel of the capitalist and corporate utopia. To attack big business, he thunders, is to meddle with the primal forces of nature.

After this, of course, the *Beale Show* ratings go up, the only solution is to have him assassinated on screen as an extra attraction of *The Mao Tse Tung Hour*, the serialized review of life exploits of a group of revolutionaries, one of the wave of dissent-propaganda programmes that has followed in the *Mad Prophet's* wake.

The careful actuality of the



Career girl: Faye Dunaway and team in Network

setting (it was shot in the CFTO-TV Studios in Toronto and the MGM Building in New York) only heightens the strain of believing in the extravagance of the story and the extreme caricature of the stereotype television characters. The targets of the satire, too, seem rather too widely spaced for effect, ranging from the conglomerate's hatched men put in charge of the station (Hollywood itself can provide plenty of models for these) at one extreme to the radical terrorist who proves as good capitalists as the rest the moment they see the colour of money. Beale's impetuous suicide seems around rather vaguely at the programme makers, the complacent audience, business ethics at large.

If the overall effect seems diffuse, individual moments have bite. There is a telling scene at the start of the film, when Beale's announcement of his impending suicide meets with total absence of response within the studios, where people are so immunized that they are blind and deaf to anything seen or heard on the tube. Faye Dunaway, too, is often funny as the prototypical, viciously charming television career girl, still chattering on about her programmes and ratings even—maybe specially—at the moment of sexual climax.

The two central performances, too, go far to redeem a film of somewhat shattered notions. William Holden plays a television executive, defeated, battered, passed by, betrayed, but still fighting to retain some shred of human feeling and reaction—a lone survivor in a life of Disneyland automata. Peter Finch's Beale is a tormented madman was his last performance, and stands as one of the best of his latter years.

(apart from an unhappy made-to-order version of *The Scarlet Letter*) have been about people on journeys from nowhere very clear to nowhere in particular: *Alice in the Cities*, *The Gatekeeper's Fear of the Penalty*, *Wrong Movement*, *Kings of the Road* (*Im Lauf der Zeit*) is a longer trip than the rest—it lasts nearly three hours—but it is the easiest to stay with. Every turn of the road brings something unforeseen and intriguing.

The travellers on this Odyssey are Bruno, a loner who lives in a huge furniture removal van, wandering from town to town servicing projectors in small independent cinemas. Robert (Hanns Zischler) is first seen rather ineffectually attempting suicide, after separating from his wife, and is fished out by Bruno from the river into which he has driven his car. Robert rides a bit of the way with Bruno; and then a bit more. More than anything for want of the resolution to separate, they travel together. Bruno meets a girl; and we have a hint of his failure with women. Robert visits his old father, and we divine something of the failures and frustrations of his past. Otherwise, says Bruno, "no histories". The journey continues; there are encounters, lessons, quarrels.

That is the usual nature of Wenders's film Odysseys, but this one ends up a trifle more hopefully than the rest. At the end the two actually do and the determination to split up, and Robert leaves Bruno with the message "Things must change". The spectator almost shares their belief that they will.

It's not easy to convey the peculiar attraction of the film, which lies in Wenders's gift for highlighting the oddity of a chance roadside incident, and

his ability to provide a landscape for his lost souls. The setting he has chosen—the desolate lands along the East-West border; "the wastes of sand dunes and quarries with their abandoned and inexplicable industrial structures; above all the mausoleum world of once-prosperous cinemas now empty and dirty—seems a proper background for the spiritual disorientation of men in transit, like Bruno and Robert.

The cinema provides a continuing metaphor here. At the start an old man (apparently a real-life character) recalls the great old days when he hired extra musicians to play for *Ben Hur*, and then the difficult times that followed. At the end a woman says she keeps her cinema ready to reopen, just in case. . . . You know, though, that she will never reopen, any more than Bruno will really change. Wenders's view of his Germany is not an encouraging one.

The Grand Magic Circus is funny and exhilarating on stage, but not, alas, in the *Gatekeeper's Daughter*, which is a speculation on what silent comedy of the Max Linder vintage would have been like if it had been bawdy. The period style is quite wintry caught, and for a few minutes the idea of the silent comic having to cope with huge, naked ladies, and the fat villainous sporting Old Comedy phallus is intriguing. But both the fun and the filth pretty soon lose their savour.

The National Film Theatre is now presenting an overdue tribute to one of the most attractive and eclectic artists in the story of the cinema, Albert Cavalcanti, who celebrated his eightieth birthday on February 6.

Cavalcanti has personally been a good deal of the story

of the cinema. He was born in Rio in 1897. Eventually precocious, he had already been expelled from law school before he was 16, and was packed off to Europe to study architecture. By 1917, he was working as an architect in Paris. Architecture and interior design brought him into contact with the so-called "First Avant-garde" of the French cinema. Already in 1922 he was designing Marcel L'Herbier's *L'Inhumain*. In 1926 he directed his first film *Rien que les Heures*, an impression of a day in Paris. Though it was full of the tricks and ties of the German and French avant-garde film-makers of the day, the film can be said to have inaugurated the notion of documentary which John Grierson was to develop in Britain in the 1930s.

Disillusioned with his career in France, Cavalcanti came to London to join the British documentary group; but Grierson and he—both powerful but very different personalities—did not hit it off for long. Cavalcanti was clearly much happier with Michael Balcon and Ealing, producing and directing feature films whose titles are richly evocative for a whole generation: *Champagne Charlie*, *Dead of Night*, *The Foreman went to France*.

After leaving Ealing in the late Forties, Cavalcanti became a wanderer, making films in Brazil—where his plan to revive the industry was aborted by political pressures—in Austria, Italy, Romania, Brazil and (for television) in France. The NFT retrospective will include an autobiographical compilation *One Man and his Cinema* which Cavalcanti has just completed.

David Robinson

Lucia Popp in three roles

Orchestra of St John's/
 Lubbock
 St John's

Stanley Sadie

John Lubbock chose his Mozart programme happily on Wednesday: music of various periods, various moods, various idioms. At the centre of it he had Lucia Popp to sing three arias, in the guise respectively of Zerlina, Susanna and Idamante.

Whatever she does, she does winningly. Her Zerlina, in "Fedra carissima" was beautifully scaled emotionally, shapely and expressive of phrase, sweet and glowing of tone. Her Susanna in "Deh vieni" was done with a delicious hint of sensuality to her almost lazy phrasing, in her inclination to lean on each note and to abandon it only reluctantly. With a voice like hers, anyone has a right to reluctance.

Her Idamante was a rather different matter. It was originally a castrato part, but Miss Popp's aria was written for the 1786 revival and is presumed to be for a tenor. Mozart, mysteriously, wrote it out at soprano pitch, and sopranos have naturally claimed this piece, which anyway sits uneasily in its context. Certainly it sounds

sorguous with the soprano and the solo violin intertwining. Richard Deakin in the violin part provided a mixture of the properly showy and the decently self-effacing, and phrased it nicely. Miss Popp produced her richest and silliest tone, least affectionate and most expressively on the appoggiatura and chromatic notes and brought to her phrasing a new breadth, apt to an operatic aria here.

Mr Lubbock let us hear his wind section and his strings separately before bringing them together. The C minor wind Serenade was never quite in focus, the balance middle-heavy, the tempos often too slow for this urgent work to acquire due momentum. The little string *Divertimento* K138 was over-refined, lacking in youthful high spirits and in warmth.

Sometimes Mr Lubbock sacrifices clarity to expressive shaping and things go awry, as happened in the slow introduction of *Symphony No 39*. But the symphony's straightforwardly vigorous music went well; and its ideas were often neatly characterized. Yet still there were odd or artificial things, and still he never quite managed to weld the music into a continuous whole. I wonder if he quite appreciates how difficult and how elusive Mozart can be.

Belgrade Piano Trio
 Purcell Room

Joan Chissell

Beethoven's *Archduke* and Tchaikovsky's *A minor* trio were separated by a contemporary novelty in the programme chosen by the Belgrade Piano Trio for their return visit to London on Wednesday. The three Yugoslav musicians (Alexandrar Pavlovic, Viktor Jakovic and Andrija Preger), all professors at the Belgrade University of Arts, have played together for 13 years and approach music in the same direct and unassuming way.

Violin and cello may seek a little time to warm to the *Archduke*. The pianist in his turn did not immediately come to terms with Purcell Room acoustics: his *fissimmo* easily grew strident. In the *A minor* (a first movement) they were not really caught up in the music's natural flow. But the Andante's sentimental shreds them. Conversational exchanges could scarcely have been closer towards its end, and there was much lively

interplay in the finale. In Tchaikovsky's lengthy Op 50 they faced up to the first movement's grief with bite and strength even if not with sumptuous tonal bloom. Sparring in use of vibrato, the strings were a little dry for music so ripe. In the ensuing variations they were much more beguiling. Violin and cello at once made melody glow in the first two variations, and though the pianist was not quite equal to the sprightly demands of No 3 he coasted and suggestive sonority from the keyboard in subsequent numbers such as five and nine. All players danced their way through the waltz and the mazurka before reminding us again of the work's elegiac import in their heartfelt ending.

The novelty was "Ritornelli per tre—Espressioni notturne" by a fellow professor at the University, Peter Bergamas, written for them in 1974. It was a brief, evocative essay in atmospheric sonority which without actually sounding like Bartok still suggested that Hungarian night music, insects and all, could have been Bergamas's inspirational source.

Some of the notices on this page are reprinted from yesterday's later editions.

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WELCOME FOR MURDER

Amin's offer of facilities in investigation into the of the Anglican arch-Dr Jenani Luvum, and ters Orvenia and Oboto-should be sternly p. The International of Jurists are to have said already, everyone, undoubtedly that the three men assassinated under cover of accident. The Jurists us have disqualified as for the task. There rs who could hold the to his word and the evidence. Prob- would not be allowed The President may de the offer to have g to say. When he as his complicity in en's deaths may his y to be as certain as his y in the hijacking at and in the thousands barbarous killings that regime. ong presumption must Amin's army security k the job over after ident had shown him h the Archbishop, who, b bishops, had rightly otesting about the of law and order, the curity of life, and the army murderously the civilian population. bishop had threatened peaceful march from al supplicating pro- for him were to him in captured s which purport to

reveal a plot against the Amin regime, documents which vaguely incriminated the two ministers (among the first and staunchest of General Amin's supporters) put the army into full cry. It is possible that the plot, emanating from Ugandan exiles in Tanzania, did exist. Many efforts, all in vain, have been made to get rid of the tyrant. That is not surprising. On his record, it is not reprehensible. But it is inconceivable to those who knew him, as Dr Coggan said yesterday, that Archbishop Luvum was involved. It needs to be remembered that the vast majority of Ugandans are Christians, Anglican or Roman Catholic. At first General Amin gave them assurances. But for some years he put his trust in the Moslem minority, about five per cent of the total, and including many expatriates from Palestine, the Sudan and Zaire. They now hold all the key positions, and have a zealot as well as economic interest in terrorizing the majority of all tribes and denominations. As Professor Ali Mazrui presciently noted in *African Affairs* recently, "a pendulum of revenge" has been set swinging, with an appalling prospect, for the family and tribal blood feuds that Amin has provoked are many and deadly, and reach back to Britain. The President's extraordinary announcement, continuously with these events, that he proposed to attend the

Commonwealth Prime Ministers' conference and the Jubilee, must be considered in its context. The invitation to him to attend is automatic, a Commonwealth convention. But Mr Callaghan and the Foreign Office must be left in no doubt that the convention breaks down in this situation. Public opinion would find the attendance of President Amin quite intolerable. He would be received with open hostility, for he would be known to be responsible for murder, indeed so far as Acholi is concerned, for genocide. Any government which honoured him here would be in jeopardy, and his presence might be a death blow to Commonwealth good relations. The Foreign Office must realize that the President's security could not be guaranteed and might be hard to ensure. At the very least the Ugandan exiles here could be expected to harass him with legal actions, which would embarrass him, his hosts, the other guests, and mar the occasion. Since reactions in Africa (especially during a conference in which Rhodesia may again be divisive) at any untoward happening might be incalculable, it is desirable to persuade General Amin that he is personally unwelcome—the invitation is a recognition of the Uganda that was, and everyone reacts to such an exclusion may be heated, but they are the lesser evil. Amin has excluded himself from London in June 1977.

GUILLOTINE FOR UNFAIR VOTES

ound to be only a of time before the nt introduced a motion on the und Wales Bill. Having ts second reading, the king exceedingly slow in committee and its f reaching the statute t be negligible unless a guillotine at some is presents a very choice, however, to to believe in the for a measure of ary devotion in meet the expectations a been aroused in but also believe that dangerous defects in it Bill. acts are not in general t to be beyond amend- mitted. That is why to vote for the Bill readings not simply re of principle but as il legislative action. had indicated that ld not respond to amendments in com- ny narrow spirit, and ned reason to hope cessary improvements made. They have not committee stage has appointment. Not only ae of the Bill's wasted time as but the Government shown the flexibility absolutely necessary. t a guillotine before been any worth-while

concessions on their part would be for the House of Commons to sacrifice their best opportunity to bring effective pressure to bear. Parliament would be handing over its strongest bargaining counter in return for nothing. The Government would be given the means to ram through this Bill without another thought of its defects. That is not the way to do business with Ministers. There are a number of im- provements that need to be made, but only two that must be regarded as conditions for a guillotine: a proportional system of representation as the method of electing the assemblies and improved arrangements for financing them. These are not small matters. If the first-past-the-post system of election is used, with anything like the present division of opinion in Scotland between the three main parties there, it will make a lottery of power in the Assembly. It would be quite possible for one party—for any of the three—to have an overall majority of seats with little more than a third of the votes. If that party was the SNP it would be given a mandate to put the future of the United Kingdom in jeopardy, not by the democratic will of the Scottish people but by a quick of the electoral process. The proposed system of election directly hawks the unity of the United Kingdom—that is the measure of

the irresponsibility of the Government in this matter. If the proposed method of financing the assemblies were to be put into operation the chances for the SNP to promote political conflict would also be maximized. The possibility would be strong enough even if the SNP were not in office. There are two objections to the proposed system of financing: the assemblies are to be given no revenue-raising powers of their own and the method of determining the size of the block grant from the Treasury is a prescription for semi-public political haggling year by year. If that happens the Union might be put in danger in that way as well. But it does not need to happen. It is not a necessary consequence of the Bill. Changes could be made in both the method of election and the system of financing without endangering the essential purposes of the Bill. Those purposes remain valid. The case for devolution as a necessary political response to Scottish opinion is as strong as ever. It would be desirable to pass this Bill with the appropriate changes. But finance and the method of election go to the heart of any assembly; so long as the proposals for them threaten the future of the United Kingdom the Government should be denied their guillotine.

NTISTS MUST DEFEND THEIR OWN RIGHTS

tend to be very ver how to react to reassure on scientists in tries. Some feel they ight to meddle in the affairs of foreign ome feel that if there cote it is better con- vely than publicly. ue with great convic- st pushing protest to where contacts with ntries are broken, or al bodies split. Some judgment on the at there is no way of ig objectively the which political policies regarded as intoler- that scientists should cience and leave poli- e politicians. And ome scientists have ad with totalitarian and others have been ebrates, are now becom- to resolve for two asons. First, it is ore obvious to more that scientific work n checking and cross- across international which means that must be free to pub- at what others publish, er each other. If they ned from doing this y they themselves who even only their own t the entire inter- traffic in scientific s. For this reason

alone it is the legitimate concern of all scientists when one of their number is prevented from working, publishing, or travelling. Secondly, a body of international law is now accumulating which provides an objective scale against which the domestic laws and general behaviour of individual countries can be measured. This has been set out and examined in a new report, *Scholarly Freedom and Human Rights*, published yesterday by the Council for Science and Society in collaboration with the British Institute of Human Rights. The situation, argues the report, is now radically different from what it was before 1948, when international law was for practical purposes little more than an academic discipline and some people could argue that the conduct of the Nazis towards their own citizens was, while morally abhorrent, legally defensible. Now there is "a tolerably comprehensive list of substantive rules and principles which can be correctly described as 'international human rights law'." The list includes the Universal Declaration of Human Rights, the European Convention on Human Rights and Fundamental Freedoms, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and

Cultural Rights, the Declaration of the Rights of Scientific Workers, the Final Act of the Helsinki Conference on Security and Cooperation in Europe, and more. The problem, of course, is how to enforce these rights where there is no international machinery for the purpose. Here the report invokes the remedy of self-help, comparing the state of affairs in the international community with that of early societies where laws and courts had not yet developed. Thinking along these lines should assist bodies such as the Royal Society and the Royal College of Psychiatrists when debating what to do about the political persecution of scientists, or improper behaviour by doctors, for instance, in east or west. In most cases there are no longer grounds for debating whether to act, only how to act. The report discusses possibilities ranging from private protests through public protests to boycotts and sanctions of several kinds, commenting rightly that public protest is normally much more effective than private representations. Scientists now have growing power over governments, especially where their services contribute directly to military defence or industrial progress. They should not be too hesitant about using this power to defend human rights.

tech at Essex

Max Morris
Igrateful attempt to pre- at Joseph being heard University, whoever was bears all the hallmarks ite inspiration. It is yet ample of the campaign- the operation of dem- tions to which I drew y my recent article in (January 25), its most ect, however, is that the nion appears to have been to declare the speaker n grata, thus presuming a political society whom hear and whom it should lied generally this would

of course undermine the whole basis of democratic political life in the university. Knowing the way the Trotskyites operate, I think it also quite likely that the attack was a deliberate provocation (secretly decided upon in the usual way) designed to encourage a counter attack by the university authorities, or even in higher places, on student union autonomy in the hope that this would precipitate a new and major confrontation. There are many who will now be helped more persua- sively to argue that student unions are unfit to be responsible for the spending of public money. This will be grist to the Trotskyite mill. I would expect the leaders of the

National Union of Students to understand this and therefore to repudiate immediately both the actions of the student hooligans and the perversion of democratic procedures encouraged by the Essex Union. One final point needs to be stressed. Though Sir Keith was greeted with cries of "fascist", the fascist methods were in fact employed by his opponents. There is a lesson to be learned here by those who get wrecked on it and made in their lifeboats for the nearest inhabited land. St Kildans and Uistmen as these Scots were, they performed the naming in the sole language they knew, which is, of course, Scottish's.

The power of civil servants

From Mr Adrian Ham
Sir, Having worked as Special Assistant to the Chancellor of the Exchequer from March 1974 to March 1976, and having been completely uninvolved in the workings of Sir John Haines' Civil Service Office, it seems to me that I could usefully comment on *The Times* leader of February 15, entitled "There Mr Haines is Mistaken". This leader attempted to pour scorn on Joe Haines' revelation of a classic Treasury "ambush", as well as to make various pious, and inaccurate observations on the workings of the Civil Service. It was of course not just Joe Haines and Richard Crossman who believed that the Civil Service had its own political viewpoints that it fought and connived to achieve. This behaviour is also recorded in the books of Heclo and Wildavsky (*The Private Government of Public Money*); Martin Gilbert's *Biography of Churchill*, Vol II; recent newspaper articles by Sir Hessel Frost, Sir Nicholas Warwick University, and Peter Jenkins of *The Guardian*; Roger Opie in *The Making of Economic Policy*, edited by Hugh Thomas and Anthony Blond; in Sam Britan's *Securing the Economy*; and so on. It is particularly amusing that the writer of *The Times* leader in question should say, I quote, "One does not hear any complaints from the Churchills, the Bevinos or the Macleod about over mighty officials although they must have all received advice from time to time with which they strongly disagreed". Apart from the obvious reason why one does not hear any such complaints, the comment must be made that there is written evidence of at least Churchill's attitude to the Treasury officials—to quote his brilliant memorandum of February 22, 1925, when he was Chancellor, to Sir Otto Niemeyer, a very senior Treasury official: "The Governor shows himself perfectly happy in the spectacle of Britain possessing the finest credit in the world simultaneously with a million and a quarter unemployed. . . . This is the only country in the world where this condition exists. The Treasury and the Bank of England Policy has been for only policy consistently pursued. It is a terrible responsibility for those who have shaped it. . . . You and the Governor have managed this affair. Taken together I expect you know more about it than anyone else in the world. At any rate, since in the world you have had an opportunity over a definite period of years of seeing your policy carried out. That it is a great policy, greatly pursued, I have no doubt. But the fact that this island with its enormous resources is unable to maintain its population is surely a cause for the deepest heart searching."

I quote this at length since it illustrates starkly how much Churchill realized he was in the hands of his officials. A careful reading of the collection of documents in T170/1499B from the Public Records Office suggested, at least to me, that Churchill did not get out-argued, as the pompous *Times* leader blandly states. He was politically out-manoeuvred and out-argued. Not, I agree, "ricked" but standards have changed since 1925, even in the Treasury. Incidentally, it is interesting to compare Churchill's profound concern over unemployment with the cavalier indifference of *The Times*, as shown in *The Times* "alternative" strategy revealed last year. In my experience, the deliberate, calculated, lie or distortion was not uncommon currency in civil servant dealings with Ministers. Since Ministers are not responsible for major appointments in their own departments, it is of course very difficult for them to do very much about this kind of thing. In fact, one of the greatest sins it appears that a Permanent Secretary can commit is to let his Minister in on some confidence concerning official business passed on through the "unofficial" Permanent Secretaries' network.

To whom does their loyalty lie? I often asked myself while in contact with them. The most indicative comment I heard was made by a bright young Treasury "clerk", an Oxbridge graduate, of course, at a cocktail party. "The longer I work at the Treasury," he said, "and talk to the people here, the more I lose confidence in the man in the street." The attitude, expressed quite seriously, seems to me also to be prevalent in *The Times* writings, particularly on economic affairs. The loyalty is certainly not to the ordinary Briton. In conclusion, one notes that *The Times* leader fails to contradict Joe Haines' description of a classic Civil Service gambit—last year to Cabinet or to a Minister, and the "coincidental" pressure, that leaving one official can "only leave one option". Joe Haines has described just one use of this gambit. There were others. Yours faithfully, ADRIAN HAM, Financial Director, Crouch Hill, N4.

Charter 77

From Mr George Mikes
Sir, I cannot, for obvious reasons, indicate my source but please take my word for it that this story is absolutely authentic. It is a fact that Pavel Kohout's (who is one of the prominent signatories of Charter 77) doorbell rang in Prague. This usually means the police nowadays so Kohout opened the door very reluctantly. He found a group of workers standing in the corridor, all rather sheepish and all looking at him with an "Or did they ask if they could come in. They told Kohout that they were a delegation from their factory and represented many—but certainly not all—of their colleagues. On the previous Friday, when they went to

collect their wages, they had to sign two documents. One was the customary receipt, the other a protest and condemnation of Charter 77. It was clearly indicated, they added, that unless they signed the protest they would not get the money. So they signed. But they were ashamed of their action and that's why they had come to visit Mr Kohout now. Would he accept their explanation; would he tell them that he understood; and would he have a glass of wine with them and accept the best of the Treasury was re-organized, so that at least the English were in control of Westminster. Yours faithfully, P. G. DRAZIN, 24 Keresteman Road, Bristol, February 16.

The future of Mentmore

From Professor Paul J. Korshin
Sir, Mr Simon Houle is right (February 8) to use the impending sale of Mentmore to call attention to the possible dispersal of John Evelyn's library. But it does not need the Save Mentmore cause nor the future of the Evelyn library any good to prognosticate that their as yet unknown (and, at this stage, still putative) purchasers may be United States institutions with an "imperial, rapacious style of collecting". While it is certainly true that museums and libraries in the United States have made numerous purchases at many British sales, today's market is not the same. Whatever the fate of Evelyn's books, it is likely that most of them will find their way to libraries where, in institutional hands, they would continue to be available to scholars. In the same way, while it would be tragic if the Mentmore collections should be sold, they have never been available to the public in their present home anyway. One benefit of their dispersal which nobody seems to have noticed would be that some, perhaps many, of them would go to museums in Britain and be at hand where for the first time they could be seen and enjoyed by a large audience. Yours faithfully, P. J. KORSHIN, Executive Secretary, American Society for Eighteenth-Century Studies, Box 310, Bryn Mawr, Pa. 19010, USA.

Rockall

From Professor D. M. Mennie
Sir, Ever since the Rockall question arose again, I have been worrying about what the authoritative text of the Irish Republic's claim—in the country's first language, Irish Gaelic, of course—would call the disputed territory. Now Terence Prittle (February 11) has set my mind at rest; it looks like being the term used for Terence Prittle's "Land of Promise of the Saints" in the venerable Irish translation of the *Navigatio Sancti Brendani*. When it comes to the translation of the Irish claim into the Irish Republic's second language, English—it looks as if "Rockall" will have to be used. But that, alas, has nothing to do with "rock" for it is an anglicization via the Dutch sea charts of the territory's Scots Gaelic name, *Ìle Ròca*, a clear reference to the crying of the sea birds that fly around it. The word *rocaile* is one of a group of Scots Gaelic words derived from Old Scandinavian *hrökkr*, "a rock", a group of which there is no sign in my Irish dictionaries. In other words, etymology proves that the territory was named by the Scots who lived near it, were familiar with it, and succeeded in driving those who got wrecked on it and made in their lifeboats for the nearest inhabited land. St Kildans and Uistmen as these Scots were, they performed the naming in the sole language they knew, which is, of course, Scottish's.

second one. The territory is very much Scottish off shore and an integral part of Scotland associated with the life and creative activity of Hebridean crofter-fishermen. Surely the Irish Republic will not reject the evidence of Celtic philology? To do so would be enough to make the Institute of Advanced Studies sink into the ground with shame and cause another nasty gap in Merion Square. Yours sincerely, D. M. MENNIE, 7 Princes Avenue, Newcastle-upon-Tyne, February 15.

From Professor Mark Williamson
Sir, In case anyone takes Mr Prittle (February 11) seriously, may I point out that the nearest land to Rockall is Gobb's Gabb, on the island of Soay (where the sheep come from) in the St Kilda group? Parts of the mainland of Britain are closer to Rockall than any parts of County Londonderry. The Scottish Islands of North Uist, Benbecula and parts of Skye, Lewis and Harris (including the town of Tarbert) are closer to Rockall than any part of County Donegal. Rockall is a long way out to sea, further from St Kilda than York is from London, but nevertheless much closer to the Hebrides than to Ireland. Yours faithfully, MARK WILLIAMSON, The Old House, 4 Fulford, York.

Higher fees for overseas students

From the President of the National Union of Students
Sir, Your editorial on February 16 reflects the unhealthy pre-occupation of Fleet Street with news on its own doorstep, notably at the London School of Economics. You may not be aware that there have been similar occupations, neither more nor less significant than that at LSE, in at least eight other higher education institutions in the country and at more than one mile's radius of your London offices. In addition, student unions have been raising, by different means, their bitter hostility to the recent fees increases in almost every university and polytechnic in the country. Not all have occupied, but many have taken some form of demonstrative action. Sit-ins are not "industrial disputes"; student unions are not trade unions and students are not in employment. What these actions, however, reflect is the genuine strength of feeling that exists in the student body against discrimination or any decisions which might encourage racism.

LSE is, however, a special case in one sense only. The spread of its overseas students is quite untypical of the national pattern. Eighty per cent of overseas students in our educational institutions come from "Third world" countries which desperately need economic and educational assistance in order to develop and so improve the material conditions of their inhabitants. Over half the overseas students in this country are doing courses at less than degree level and the overwhelming majority of these are of those on degree-level courses or higher still, are studying in technical and science-based courses necessary to strengthen the economic infrastructure. The reason they come here, and to other developed countries, is that there are no adequate educational resources at higher level in their own countries. As we know from our own industrial revolution, educational and technical institutions grow along with economic development, not ahead of it. In contrast to all this overseas students at LSE are not as technically based as the national picture, they come in much greater proportion from the wealthy industrial world, and they are almost all on very high-level academic courses. In addition, LSE has tended to see itself as a "youth training ground" for future world leaders and this is not generally the case. Over the last century British industry has attracted much wealth for our private universities. A few countries of the "underdeveloped" world. We should now be paying this back in real help. There should be no mistake that the proposed fees changes of Mrs Williams will seriously set back our future international relations and tie us into

the noose of economic complacency. And all this is quite apart from the hardship created for society. Yours faithfully, CHARLES CLARKE, President, National Union of Students, 3 Endsleigh Street, WC1, February 17.

From Mr John Burton-Page
Sir, May I reinforce the plea of the Vice-Chancellor of York University (February 15) for abolishing the overseas students' fees differential from the point of view of a teacher of an oriental subject? In this session I have lost one brilliant Indian graduate, a teacher in Delhi University, simply because she could not afford the enhanced fee, and returned home with her PhD uncompleted. And in my under-graduate classes I have, for the first time, 26 years, no Indians, Pakistanis, Bangladeshis or Sinhalese, at all.

These South Asian students were the life blood of all South Asian teaching, for not only did they benefit from western training for which they had come to England but they enriched the understanding of their British classmates with their own invaluable comments drawn from personal experience and training. In their absence their teachers and their erstwhile fellow-students are the losers. These students used to come supported by their own savings or by family sacrifices; occasional government-subsidized students were rarely their equal, and—in spite of official disclaimers—nepotism rather than scholarship often dictated their selection. Oriental scholarship needs, now more than ever, the vitality and freshness of the independent oriental student; it does not one day good to price him out of our university system. Yours sincerely, JOHN BURTON-PAGE, The Athenaeum, Pall Mall, SW1, February 15.

From Mr Roger Buckley
Sir, Your editorial on "How to lose friends and influence" fails to explain how British postgraduates, other than those receiving a government award, can afford universities. The result inevitably will be a decline in the number of British postgraduates, as the announced fees increases are clearly beyond the reach of all but the wealthiest postgraduates attempting to finance themselves. In what the government wants? Is this what the universities want? Yours sincerely, ROGER BUCKLEY, 35 Palace Gardens Terrace, W8, February 16.

The Runnymede Trust

From Lord Campbell of Eskan, and others
Sir, All your readers concerned with the subject of race relations will be aware of the invaluable work of the Runnymede Trust in this field. The Trust has been a voice of objective reason and calm analysis throughout the last difficult decade when determined efforts have been made to turn race into an area of major social conflict. Your readers may not, however, be aware that Runnymede is in imminent danger of having to close down through lack of financial support. A small number of charitable organizations have given generous help in the past. But active concern about this delicate

and increasingly important issue has been confined to a few, on whose resources increasing demands are being made. Although we do not believe that it is a cause appropriate for a public appeal, we can hardly believe that there are no foundations or organizations who could not combine to produce the £70,000 a year, for three years, needed to enable the Trust to complete at least the present phase of its work. Yours faithfully, CAMPBELL OF ESKAN, BOYLE OF HANDSWORTH, ADRIAN CADBURY, *TREVOR HUDDLESTON CR, P. B. MEDAWAR, The Runnymede Trust, 62 Chandos Place, WC2, February 7.

West End parking

From the President of the Society of West End Theatre
Sir, In view of the recent correspondence in your columns concerning South Bank parking, I should like to draw your readers' attention to the problems which also exist in the West End of London. It is not this Society's intention to comment on the GLC's policy of deterring car commuters, but we should like to point out the complex problems facing anyone who attempts to use his car to travel to the theatre or restaurant for an evening out in the West End. The general reduction in parking spaces, coupled with the refusal to provide more off-street parking and pedestrianization of certain areas, all give the car-travelling public a hazardous task. While London

Transport may or may not provide an adequate service during normal business hours, it is generally accepted that the service during the theatre industry's "normal hours" is far from satisfactory. Surely there is no need to add a parking problem to all the other burdens which are placed on the theatre. Would it not be preferable for the planners to make available the existing off-street car parks at a reduced rate during evenings—as happens in the National Theatre's new car park—rather than to be devising schemes whereby long term parking may be penalized? Yours faithfully, DAVID CONVILLE, President, The Society of West End Theatre, Bedford Chambers, King Street, Covent Garden, WC2.

Human rights in Argentina

From the Director of Amnesty International British Section
Sir, In his article on Argentina in *The Times* on February 10, Andrew Tarnowski conveyed an impression about human rights in that country which I feel should be corrected. Whilst it may be true that reports of killings by right wing death squads vanished in December, it is important to note that political killings in Argentina also include deaths in armed clashes with the authorities—some of which appear to be one-sided to say the least—and the shooting of prisoners while in transit between prisons, as they allegedly try to escape. These continue in 1977.

Whilst of course we welcome news of detention orders being lifted, we find that some of the 1800 mentioned by Tarnowski have not gone from their detention to freedom at all, but to a different type of detention, pending their trial and these trials, of course, will be by military tribunals backed by special laws with little competition in the world league of arbitrary rule by military dictatorships. It would be childish to reject Mr Tarnowski's optimism without good reason; but his persistent theme of government versus guerrillas demands a reminder that the main victims of repression, who compile the 5-6,000 prisoners believed to be held today, are teachers, trade unionists, journalists, doctors and scientists. Yours faithfully, DAVID SIMPSON, Director, Amnesty International British Section, 55 Theobald's Road, WC1, February 11.

Why April 5th

From Mr W. E. Evans
Sir, The letters published under this heading to date have only concerned the date of the question which how this date was arrived at. I have been looking in vain for someone to answer the original question, namely why the practice of ending the tax year on this date has persisted so far, into the twentieth century. One had hoped that possibly some member of the Treasury or Inland Revenue could tell us the reason for our being required to perform the endless and pointless accountability involved in apportioning our incomes to this date instead of simply entering the figures already standing in our records as at March 31. Does their silence suggest that there is in fact no rational explanation other than that it has been done this way as long as anyone can remember? For some years, my duties included asking other civil servants why they did things a certain way as a prelude to persuading them to do them more simply and efficiently. If there was a valid reason, someone was only too ready to produce it, if only to show how well he knew his job. On the other hand, the answer it has always been done this way was an invariable indication that the procedure concerned was antiquated, inefficient and ripe for change. Could it be that by their silence the Treasury and Inland Revenue agree that this applies to April 5? Yours faithfully, W. E. EVANS, Maltings House, Malting Yard, Wivenhoe, Colchester, February 15.



COURT CIRCULAR

BUCKINGHAM PALACE

February 17. His Excellency Monsieur Robert Vaas was received in audience today by Queen Elizabeth The Queen Mother and The Princess Anne, Mrs Mark Phillips, Counsellors of State acting on behalf of The Queen, and presented the Letters of Recall of his predecessor and his own Letters of Credence as Ambassador Extraordinary and Plenipotentiary from the Kingdom of Belgium to the Court of St James's.

His Excellency was accompanied by the following members of the Embassy who had the honour of being presented to Her Majesty and Her Royal Highness: Monsieur Henri Pédraus (Minister Counsellor), Colonel E. L. Dewulf (Military, Naval and Air Attaché), Monsieur André Volker (Minister Counsellor, Economic), Monsieur Christian Follens (Counsellor Cultural Affairs), Monsieur Roger Martin (Counsellor), Monsieur André Adam (Counsellor), Baron Thierry de Gruhen (Second Secretary), Monsieur Walter Lion (Attaché).

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Mr J. D. N. Barland-Swain was received in audience by Queen Elizabeth The Queen Mother and The Princess Anne, Mrs Mark Phillips, Counsellors of State acting on behalf of The Queen, and his hands upon his appointment as British Ambassador in Ulaan Bator.

Mrs Barland-Swain had the honour of being received by Her Majesty and Her Royal Highness. The Princess Anne, Mrs Mark Phillips, Counsellors of State acting on behalf of The Queen, and his hands upon his appointment as British Ambassador in Ulaan Bator.

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Forthcoming marriages

Mr J. R. Bailey and Miss P. J. Pearson Gregory. The engagement is announced between John, eldest son of Sir Derrick Bailey, Bt, of Bluestones, Alderney, Channel Islands, and of Lady Bailey, of Moor Court, Lysshall, Herefordshire, and Jane, only daughter of Mr and Mrs John Pearson Gregory, of Monmouth House, Herefordshire.

Mr C. P. Bamford and Miss N. R. MacSwiney. The engagement is announced between Paul, son of Mr and Mrs C. P. Bamford, of Reading, Berkshire, and Miss N. R. MacSwiney, daughter of Mr and Mrs J. F. MacSwiney, of Newbury, Berkshire.

Mr J. N. Emery and Miss C. J. Ward. The engagement is announced between Julian, elder son of Mr and Mrs Cyril Emery, of Hoop, Little Sussex, and Charlotte, younger daughter of Mrs Margaret Ward, of Sutton-on-the-Forest, York, and the late Mr Philip Ward.

Mr D. M. A. Evans and Miss D. W. Williams. The engagement is announced between David, son of Mr and Mrs D. M. A. Evans, of Meadway Court, Broom Road, Teddington, and Jenny Parsons, of Berkeley House, Charlotte Street, Bristol, and of Union Chambers, Bristol.

Mr D. A. Griffiths and Miss J. Parsons. The marriage will take place on March 5 at St George's Church, Bristol, between David, son of Mr and Mrs D. A. Griffiths, of Meadway Court, Broom Road, Teddington, and Jenny Parsons, of Berkeley House, Charlotte Street, Bristol, and of Union Chambers, Bristol.

Mr T. Haworth and Miss P. M. Buxton. The engagement is announced between Timothy, son of Mr and Mrs T. Haworth, of The Down House, Chislehurst, and Pamela, youngest daughter of Mr and Mrs T. F. Buxton, of The Stouey, Ascot, Shropshire.

Mr K. W. Roberts and Miss P. M. Carr. The engagement is announced between Kenneth, son of Mr and Mrs K. W. Roberts, of The Stouey, Ascot, Shropshire, and Pamela, youngest daughter of Mr and Mrs T. F. Buxton, of The Stouey, Ascot, Shropshire.

Mr C. Sidney-Wilmet and Miss C. Grantham. The engagement is announced between Colin, son of Mr and Mrs C. Sidney-Wilmet, of The Stouey, Ascot, Shropshire, and Pamela, youngest daughter of Mr and Mrs T. F. Buxton, of The Stouey, Ascot, Shropshire.

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The Duke of Norfolk, right, accepting on behalf of Westminster Cathedral, yesterday, examples of silverware to be sold in aid of the cathedral restoration fund from Mr R. E. Stevens, managing director of Carrington, the jewellers.

Roof collapses as Fijians cheer the Queen

Lambasa, Vanua Levu, Feb. 17. A group of cheering Fijians were hurled to the ground when 50ft of corrugated iron roofing collapsed beneath them as they watched the Queen and the Duke of Edinburgh tour Vanua Levu island today. Nobody was hurt.

Enthusiastic scenes greeted the royal couple on their arrival at this second largest island in the Fiji group. A man broke through police lines and tried to shake the Queen's hand.

After being flown here from Suva, the royal couple drove over bumpy roads where more than 10,000 islanders waited to welcome them.

Later the royal couple attended a religious service in which Christian churches joined in prayers with Hindus, Muslims, Sikhs and Buddhists.

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Dioceses to be consulted on move to church unity

By Clifford Longley Religious Affairs Correspondent. The Church of England will consult the 10 dioceses before moving further towards the formation of a united Christian church in England. The General Synod decided yesterday that although the church had not been able to complete its assessment of the proposals of the Churches Commission the time had come to bring the 10 dioceses into the debate.

The Bishop of Guildford, the Right Rev David Brown, said it was wrong to be impatient with progress. He denied the interpretation made in the Times that the Church of England was lukewarm in response to the Unity Commission's 10 propositions.

There are some matters so important that a General Synod must take the mind of the dioceses before it commits itself on their behalf," he said. A complex family like the Church of England must take time to adjust to new ideas.

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Dorothy Black

Dorothy Black (Mrs McLeish), a prolific journalist and writer of magazine stories, died on February 17.

She was born in Bradford, a distinguished composer; indeed her second name was Delius. She was brought up in comfortable circumstances as she described in a volume of her autobiography *The Foot of the Rainbow* (1961), recalling the piety of the Black family and the lively Delius sisters, but money was lost and the family went over the Channel to live first in Germany and then in France. How-

ever, the uprooting was a trial to her mill for she had a keen eye for human frailty and a sense of humour which she drew on to write good fiction. Her career as a writer on the staff of *Home* and *Country* magazines, and as a novelist, was not slow to cover a talent to produce a volume of work as reliable and successful as her personal writer who had turned to many publications, including *Woman's*, *Saturday Evening Post*, *Home*, *Journal*, *Woman* and other popular publications.

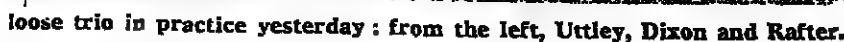
The Royal Scots Dragon Guards. The annual dinner of the Royal Scots Dragon Guards (The Buffs) was held at the Savoy Hotel last night. Colonel R. T. Brasse, colonel of the regiment, presided.

Aberdeen University Air Squadron. Aberdeen University Air Squadron held a dinner at the university last night. The guest of honour was Air Chief Marshal Sir Neil Cameron, the RAF Air Training Officer.

Service dinners. RNAS Colindale. Vice-Admiral A. D. Cassidi, Director General of Naval Materiel, was the guest of honour at a dinner at the Royal Naval Air Station Colindale, Comm-

From Ronald Kershaw Leeds. A coordinated campaign, called "Energy 2000", against the development of nuclear power is to be launched in Yorkshire in April. A steering committee headed by Mr Arthur Scargill, president of the Yorkshire area of the National Union of Mineworkers, has been formed to organise a conference on April 2 to which conservation organisations, trade unions, county councillors and members of the public will be invited.

Latest wills. £28,221 left for cancer research. Miss Lilian Cowen, of St Anne's-on-Sea, left £28,2



This evening, but there's big danger of becoming too preoccupied with what our opponents will do. We've got to be fully aware of that, of course, but we're not going to let it distract us from having got to cope with what we can." He also made the point that France have been playing a similar style to England's, so it was not likely to be a surprise now of finding out which side selected to spin the ball around more effectively.

A drizzle persisted throughout the raining at the Stoop and, when asked what sort of weather they expected tomorrow, the captain said that if the rain was coming down even harder he and the lads were likely to have no objections, as long as Peter Johnston, said that with two or three wind them, and with the triple crown and championship in their sights, the rain and squalls would be different from what it was a year ago in Paris, at the end of a barren season. He had to admit that the French pack, and nesses in the French pack, and

son, Ireland's full-backs Murrigh. A forward, was passed for tomorrow's inter-ah against Scotland at Both Winton and a fitness test and a mission before the trip for Edinburgh.

While the test while is club, CYMS, last Murrigh, a new cap, in training on Mon-

day changes for the rugby county championship final against Leinster at St. James's Park tomorrow afternoon.

Champion, Wales 3 lock, comes into the second row in place of Michael Fife, of Richmond, and Andy Ripley, English.

Kevin Bowring of Borough Road College, in the back row.

Both Bowring and Ripley were seen in the first semi-final against Warwickshire but Bowring had a back injury and Ripley got married on the day of

is, the Queen's Park former England cap only just returned from football after seven months' absence. An injury is hurt again. Tomorrow's League Aston Villa, with two draws 2-2 to a goalless draw. Semi-finals will be a tight fight. But this time injury is no more than a nuisance. Even better news from his performance was that he is coaching his best players.

Cup tie was won'tly
enrich match of the
was one of the
careless players
after being in
time and missing a
chance's contribution
rather than providing
it. The time was
lost and thus for-
period.

Some ferocious tack-
ling, coolly and respon-
sibly, his midfield respon-
sibility, and his ability
to even though the
was played at an
pace. His stamina
and his colleagues
were delighted
feeling benefiting from
passion that he found

Yesterday: "I felt
before the game.
J. would rate
for Saturday's
game. I was
at and be ready for
after than take any
considering it was such
a long time. I was
in the two men
been back I've had
from my back."

Today it seemed
everybody could
and strength in

team games behind him, scored
the second equalizing goal in the
second half of extra time. Webb,
who always plays as a number
player on cup occasions, provided
Eastoe with the crucial pass, but
afterwards he said he might not
be able to play in the League
match on Saturday, because of a cut leg.

Mr Saunders, hoping to lead out
his fourth League Cup final team
in the last two years, when he
he decided to include his leading
scorer, Gray, who was not 100 per
cent fit. Gray had a fine match
and scored the first goal, which
that he turned down Mr Saunders's
offer to replace him for extra
time.

His managers were more con-
cerned about the likely state of
the Highbury pitch after a match
has been played there tomorrow
than the position of the players.
The manager's grimace, engendered
in Wednesday's meeting, McIntosh
was so infuriated by a
little while ago, that the
argument continued after the
match, and Clement was fortunate
not to have his name taken for
persistently fouling inside.

There was a further aggravates
Rangers' league fixture period.
They were to have met West Ham
United on Tuesday night. This
game was probably to be played on
Tuesday, April 5.

and someone to control the crowd and the pace was seen in the Netherlands, where the only club, Franks can do better than most, and Villa, who rarely give a chance to a club, have the speed of events, acted as the game's

In the second leg at Villa Park, the clubs had to toss a coin to decide where the game should be played—Corentyne, or the Vests won; if Rangers were successful.

The club chairman, Sir William Dugdale (Villa) and to Gregory (Rangers) claimed to have called "heads" in the uproar immediately after the game. League officials ruled that Rangers

Armstrong may decide to join Warboys at Fulham

Susan Barker maintained remarkable record as she and Miss Sinclair, a British Columbia woman, won an overwhelming semi-final victory over Canada in the BP cup under yesterday's Her 6-1, as Toronto 43 minutes against an astounded Pat Sinclair meant that Miss Barker had won the first round of 25, contested in five years of taking part in the competition. Devout progress from an outstanding junior to the world's No. 8.

Barker's short time on court yesterday was enough for Miss Sinclair, an 18-year-old, to say she had "lost" after "four words" "I don't think we found anyone hitting the ball back at me so hard", Miss Sinclair said. "I was just a little bit physically beat her into submission."

With suggestion of searing swiftness, Barker's opponent was

Consolation for the Canada came in the sixth game of the first set, and again in the second set, as Barker's opponent took a brief respite; but with Miss Barker Sinclair in no mood to ease the pressure, there was little Miss Barker could do except suffer in silence.

Miss Tyler preceded Miss Barker with a 5-3, 6-0 win in the first round. The Kenil player dropped out in the first round in the second round. Britain, aiming to win the first round, will meet the United States team, who were equally decisive winners over France in the other semi-final round.

Britain's men disappointed after failing to reach the knock-out stage for the second time in four years. The result was unimpressive in the consolation match for fifth and sixth places. Rohm Beven and Tony Lloyd were the participants in the consolation for the future as they went down to the Dutch pair, Frijns and Theo Gortu.

The United States, the holders, and Italy. It will be played on Davis Cup lines of four singles and two

[illegible]

WOMEN: Semi-final round: Britain beat Canada, 6-0; Miss M. Tyler best boat; Miss P. Sinclair, 6-0; G: Miss J. Barker beat Miss W. Barlow, 6-1; Miss E. Barker and Miss J. Durkin, 8-7; Miss S. Baker beat Miss L. Jones, 9-8; G: US beat France, 8-7; Miss boat N. Jodin, 8-0; Miss L. Epstein beat Miss M. Surruarua, 8-0; G: Miss Epstein and Miss A. South beat Miss Surruarua and Miss A. Hughes, 10-9; Play-off: Finland beat Sweden, 10-9; Final places: Miss I. de Lange and Miss M. Parker (Netherlands) won gold medal; Miss J. Anderson and Miss L. Threlkeld took silver.

throughout, easily defeated the California, Julie Anthony, 6-2, 6-3, last night to reach the third round of a women's tennis tournament here.

Miss Evert, the top seed, broke through in the second round to defeat Miss Anthony's service twice in a row in the first set to go ahead 2-0. She also broke through twice more in the second set, in the third and sixth games.

RESULTS: Miss C. M. Evert beat Miss K. Anthony, 6-2, 6-3; Miss B. Gussak beat Miss T. Anthony, 6-2, 6-3; Miss W. Wilde beat Miss K. Latham, 6-2, 6-3; Miss S. Bradbury beat Miss B. F. Stove, 6-2, 6-3; Miss K. Russell beat Miss K. Harter, 6-2, 6-3.

OCEAN CITY: J. Nassage beat J. McCreary. 7-6; 6-5. G. Vilas beat C. Metrevlev. 7-6; 6-5. V. Gerubalis beat C. M. Passaroli. 6-4; 4-6; 6-3. J. Moore beat P. Dominguez. 8-6; 6-3.

SAN JOSE (California): P. C. Dent beat G. Masters. 7-6; 6-6; 8-6. J. Dector beat T. W. Gorman. 8-6; 6-2.

TORONTO: J. E. Campers beat G. Farin. 6-1; 6-3. J. Case beat C. Drysdale. 6-3; 6-7; 7-6; 6-3. D. Roche beat J. G. Alexander. 6-7; 6-6.

...for two months' holiday. This, obviously, was no socially deprived family. Fibak's father, a surgeon, has written much and travelled widely in pursuing his profession. It was paternal encouragement that led Fibak to tennis, partly as an introduction to a better company than he might find in other games. But at that time there was no question of a

"I was a tennis coach," Sportsmen magazine wrote about him. "He was a class Fibak had brains. Why waste them on sport, he was asked, when he could have a better future in another profession?"

"Now it looks different because I am an ambassador of my country," Zim said.

Zim gave me one of the biggest gifts I've ever received. I want, I could have my own show on TV."

If he ever has time to get back to his home town of Lublitz, Poland, would he like to go? "Roman Polanski would like to go," he says. "I wanted to be a movie director." I was always thinking of writing a book about the movies making some shows." But in 1970 he reached the quarterfinal round of the junior invitational tournament at Wimbledon. He won the French and Wimbledon championships. He was so impressed by what he saw,

In 1972 I finish the first year at university. I was the top tennis player in my town already. I went to the dean and he gave me special permission to have more time, to do what I want. Then I went into tennis and started to practice

[illegible]

erratic. He is also excitable when the game starts to run away from him on the field. He has had a few problems in his relationship with his relations with the great Indian public, and he has helped England, at least partly, to believe in itself.

The main disappointment has been how slowly the batsmen have developed. The fault for this is shared by the Indian captain, MCC batsman on his first tour, with his confidence to build up, can expect to find it easier than the rest of the team to handle. South Australia at Adelaide or against Barbados at Bridgetown would have been a better test.

bowlers for length and line. Willis has come back with a bang and his four wickets have been valuable all-rounder and Lever has come on enough to raise hopes that his 26 Test wickets will be followed by quite a lot more.

With 56 Test wickets between them, these three took only six fewer wickets than Ed. Charlesworth and 11 fewer than Lever. That was remarkable, and had a lot to do, of course, with the resistance of the Indians. Tolchard's 57 at Calcutta, Knott's inimitable contributions, Underwood's fine bowling and the

Seventy-five per cent of the country's population of 350 million are illiterate. Many of them would play any cricket. Even in the vastness of urban schools there are cricket grounds. The bulk of the money taken from matches is ploughed back into the education of the children of the country, than perhaps one in a thousand chance to play any cricket at all.

Although Gharti was milkman and Solkar's first groundsmen at the Ferozkhans in Bombay, Indian

[illegible][illegible]

James Wilson, a 21-year-old Essex accountant, deliberately crashed a F4U pair of spectacles

to disgust on his way to defeat in the English table tennis championships, sponsored by Norwich City F.C., last night. It was the third part he has broken as well as half a dozen bats, costing £10 each, in the season.

"I just cannot control my temper," Wilson said after losing his first round men's singles match to Gordon Chapman. "I am extremely windy today. I have been kicked. I have to wear dark glasses and need very good lighting but the light here just does not suit me. I missed a point in the second game, lost my temper and smashed the spectacles to pieces against my bat."

"It was either the spectacles or the bat, but as I am playing in the doubles tomorrow, I shall have to battle now without my crutches," Wilson, who said he would probably be selected by Essex at tennis if it were not for his recent temperament, played better after relieving his feelings. He won the third game easily but then went down to defeat in the fourth and last.

James Walker, one of England's

Nigel Eckersley, ranked only 18th in the country. Walker came back to square the match against the first two giants but, in the fifth, he was always struggling for survival and seemed to be beaten by Eckersley's high services.

John Hilton, seeded fourth but excluded from the world championship, also lost in his games to Douglas Johnson.

MEN

FIRST ROUND: R. Porten beat R. Brown 3-1; G. Chapman beat J. Robertson 3-1; D. Johnson beat J. Hilton 3-1; N. Eckersley beat A. Plummer 3-1; G. Aldred beat J. Wainwright 3-1; J. Jones beat J. Mansfield 3-1; C. Blomfield beat S. Griffiths 3-1; J. Williams beat M. Mitchell 3-1; J. Taylor beat H. Chadwell 3-1; J. Burt beat P. Challenor 3-1; J. Pittman beat J. West 3-1; K. Kinross, D. L. 2-1.

SECOND ROUND: D. Johnson beat R. Porten 3-1; G. Chapman beat J. Robertson 3-1; J. Williams beat M. Mitchell 3-1; J. Taylor beat H. Chadwell 3-1; J. Burt beat P. Challenor 3-1; J. Pittman beat J. West 3-1; K. Kinross, D. L. 2-1.

THIRD ROUND: Douglas J.

Niedzwiedzki, Fibak—and the biggest name is Fibak

behind." On the way home to Poland he played in his first open tournament. For prize money, in Zürich. "I beat David Lloyd and went to the semi-finals and lost to John Yell. I couldn't sleep before and after the match. Then I went back and made some studies. . . .

From the beginning of 1974 I want to put my dream real and

pionships. But an exciting year round Forest Hills when he had Solomon won the U.S. Open. I was already aware of Fiebel's were less surprised the public initially thought of a doubles player that he marked. In 1976 Fiebel and won the WCT doubles.

But he was advancing

Nowicki, Gasior, Niedzwiedzki. No one believe me. But Ewa, my father, myself think it possible. I put a schedule, what was best to

do. I played seven little indoor tournaments in Sweden, won two of them and was runner-up in two, and was first with the bonus. Then I started to play pretty well. Little tournaments here and there. In April I went at Munich qualifying for WCT and beat Ruffels and had two match points against van Dillen. Then I played Davis Cup against Hungary at Warsaw and beat Taroczy, who had three match points at 5-4 and 40-love on his service in the fourth. That was the last match and we won 3-2.²²

Fibak was planning to compete in some tournaments in Germany. Skonecki, the 1953 champion, to win a British title in December with his partner Narnase, and Panatsa missing the field) he reached the grand prix Masters event at Rouen, where he won successive games and 10-11 to lead Orantes 7-5-6-0, 4-4, with his service. But Orantes played the unimhibited nerve that child of despair, won the set 7-6, and the fifth 6-3. Fibak's success had a healthy effect on the Polish. In the past two or three years the number of courts has

He began to travel to Warsaw, to train for Davis Cup competition, to play in the European under-21 team championships, for

the Gales Cup, in 1973 he became Poland's No. 2, behind Nowicki, and played in the Davis Cup. With the then 18th-ranked, he drove to Milan and won his first international tournament and his first big money, beating Sarazutini in the final. His fiancée, he drove to the Rio de Janeiro Open, or the Bonfilião Cup. "I did everything myself. But I won \$10,000 to pay my expenses. I gave the rest to her."

But that was not his first success. It became more confidence. It suddenly broke into me that I am not so far

again. In October I qualify for Madrid and Barcelona, where I beat Ashe and reach the quarter-finals. My dream come true. I put some pressure on the federation and suddenly all the relations were going pretty well."

That was the end of the beginning. In 1975 Fibak became the first Pole to play full-time on the international circuit.

For the next two years on the circuit Fibak made only a modest showing in the Wimbledon, French, and United States cham-

ionships but he was not a bit his mind and studied law. He could play tennis. He senses Fibak has become a curious amalgam of a successful tennis player and a social sportsman, but also a warm and witty human whose post-match press conferences are amusing. The tennis set were luck the incoming tide that Fibak among them.

Rex Bell

Bridge town, Barbados, Feb 11 — Pakistan and the West Indies are likely to indulge in a feast of runs at the place Kensington Oval wicket in the first Test match starting tomorrow.

Although it can sometimes be undependable, the Kensington wicket is traditionally a batsman's paradise and Pakistan and the West Indies have two of the strongest batting sides in the world to play the opening day of the match which ended here on Tuesday.

Pakistan and Barbados amassed 1,201 runs while their 13 bowlers took 26 wickets. Pakistan's batsmen were to emerge in the Test, with the most likely outcome a draw.

[illegible]

PAKISTAN: Fiazid Khan, Sardar
Mohammad, Haroon Rasheed, Muz
ing Mohammad (captain), Asif
Javed, Mirdad, Wasim Raja, Imran

[illegible]

Carole Knight : ranked second at Woking.

Clubs improve image

Image of Humberside

Humberside's Rugby League status has been greatly improved this season. Hull Kingston Rovers are strong contenders for the first division title and Hull have a four-point lead at the top of the second division.

Both clubs came through the first round of the Rugby League Cup and have been paired in round two. Rovers will be at

with a game in hand. Their strong pack is the key to success and Rose, Casey and Millington

With Lowe fit again, Rovers should maintain their championship challenge this week-end, when they visit Oldham. Earlier this month they crushed Oldham 35-3 at home. Dunn crossed the Oldham line three times and Sullivan twice, which brought him the 35th try of his career.

St Helens should carry too much momentum to be beaten at Rotherhamdale. Featherstone, who are only a point behind St Helens with three matches in hand, should not be troubled at home by Barrow, the bottom club.

RUGBY UNION: Schools match: Maldstone GS 3, Emanuel 22.

Today's fixtures

FIRST DIVISION: West Bromwich Albion v Birmingham City (7.45).
THIRD DIVISION: Lincoln City v Portman.

FOURTH DIVISION: Newport County v Doncaster Rovers (7.50). Stockport v Bradford City (7.50).

RUGBY UNION: Bristol v Richmond (7.50). Cheltenham v Bath (7.15). Gloucester v Cardiff (7.15). Northampton v Coventry (7.50). Pontypool v Newport (7.50).

RUGBY FOOTBALL: Gloucester v Saracens (7.0). Swansea v Gloucester (7.0). London v New Zealand (7.0). Leicester v Warrington (7.0).

RUGBY LEAGUE: First division: Castleford v Leeds (7.50).

INTEREST RATES
Bank Limited announced
from 18th February 1981
for lending

THE TIMES

BUSINESS NEWS



Banks cut base rate to 11½ pc but mortgage outlook unclear

Trienne Gleeson, move which has been expected over the past few months, has been cut to 11½ per cent. This follows a fall in the last two months of 1976 and a partial recovery in January and they will want confirmation of the better trend before they are prepared to lower their rates.

Yesterday's move to cut base rates was initiated by Lloyds Bank, which is due to report its profit figures for 1976 today. These are expected to show a sharp rise in pre-tax profits from the £95.5m reported for 1975 to more than £150m; and the other three big clearing banks, which report their results next week, are also expected to show sharply higher profits.

In contrast to the last occasion on which they cut their base rates, the clearers yesterday made no move to widen

their "retail margin"—the difference between base rates and the rate offered to small depositors. The latter fell by a point to 8 per cent.

Given the direction of money market rates, action to cut base rates earlier in the week would have come as no surprise. However, the clearing banks pointed out yesterday that they had been reluctant to cut their rates ahead of "make-up" day—on Wednesday—when the banks' asset and liability figures are assembled for monitoring by the Bank of England. Since an vigorous growth in their interest-bearing eligible liabilities will increase the "corset", the banks are anxious not to encourage any significant growth in their lending.

At the moment, however, it seems that this is unlikely to be a major problem. Thanks in part to some juggling with their assets and liabilities, and in part to some run off of the borrowing taken out in the autumn in the expectation of some such move to restrain the banks' activities as the imposition of the "corset", the clearing banks have now trimmed back the growth in their interest-bearing liabilities, which are believed to be little in excess of that permitted by the "corset", if at all.

Priority borrowers—commercial and industrial customers—are experiencing no difficulty in obtaining loans, and it was in part to disburse such customers from going for cheaper alternatives in the money markets that the banks lowered their base rates yesterday.

Financial Editor, page 19

Coats gets £45m loan to finance expansion

By Our Financial Staff

Coats Patons, the big Glasgow-based textile group whose interests extend from thread and yarns to fabrics and knitwear, has arranged to borrow £45m in medium-term money from the National Westminster Bank. Some £25m of the money is earmarked to replace existing loans which are coming up for renewal; but the rest will finance capital spending, principally within the United Kingdom.

Mr C. P. Wallace, Coats Patons' finance director, said yesterday that the group had secured the £45m on additions to its fixed assets last year, and that the figure was likely to be "quite substantially" higher in 1977. In particular, he was planning to spend money on the extremely successful Jaeger manufacturing and retail operations, on its knitwear division, and on its West Riding yarns and fabrics interests.

The decision to spend in such quantities within Britain comes as something of a surprise, for most of the home-based subsidiaries have had a difficult time over the past 18 months, and there has been some rationalization, particularly in industrial yarns. However, Mr Wallace said yesterday that there had been a dramatic improvement in the prospects for the British divisions since the turn of the year, with orders coming in at a much faster rate.

The £25m to replace existing loans will be supplied in foreign currencies and mainly will be used to finance exports. This will leave the group free to finance its working capital requirements—which are expected to rise substantially this year, mainly as a result of cost inflation—out of its existing overdraft facilities.

The new loans are to be drawn down from the middle of 1977, and will run for five to seven years. Coats Patons will be paying a margin (unspecified, but at a "blue chip" rate), says Mr Wallace, over interbank rates.

Financial Editor, page 19

Cannon repays profits on 'intuitive' Lonrho loan stock purchases

By Richard Allen

London Assurance has repaid profits of around £10,000 which it made on "intuitive" purchases of Lonrho loan stock last year ahead of the group's decision to redeem the stock.

The deals, which first came to light last July and involved Cannon's parent company, Keyser Ullmann and Lonrho in a City controversy, have been the subject of a Stock Exchange inquiry.

Posting its findings yesterday, the Stock Exchange indicated that the investment manager at Cannon, whose chairman Mr Edward du Cann is also a Lonrho director, had bought stock in the market after seeing a British Insurance Association circular which asked for details of all the company's holdings in Lonrho securities.

The Stock Exchange "noted" that Cannon had repaid all profits it made on redemption of the £34,000 nominal involved to the sellers.

A spokesman for Cannon said yesterday: "Our view was that this was a perfectly proper deal and there was nothing to be criticised in the way it was handled."

But in order to make sure there was no criticism at all and no hard feelings we decided to make the repayments. No pressure was brought on us by the British Insurance Association or the Stock Exchange."

Speaking from the House of Commons last night, Mr du Cann said: "It was a trivial matter which got blown up out of all proportion."

The situation, which resulted in Keyser making policy changes regarding investment in certain stocks, arose when Lonrho decided last February to call in two loan stocks and asked Keyser Ullmann to negotiate prices with major stockholders and organize repayments.

Keyser, following normal

Wilson team to report this year on City finance

By Andrew Goodrick-Clarke

The Wilson Committee intends publishing an interim report—possibly by the end of this year—on what it regards as the central theme of its inquiry into the City, the provision of funds for industry and trade.

Earlier this year, after the committee's first meeting, its chairman, Sir Harold Wilson, made it clear that the committee regarded this subject as of paramount importance.

Other questions, such as "whether there should be greater supervision of the financial system and whether the banks and insurance companies should be nationalized along the lines proposed by the Labour Party, would be "late, but not low" on the list of the committee's priorities, he said.

It was clear at the outset that the Wilson Committee would not complete its work for at least two years, possibly three. The decision to try to complete an interim report on the specific area of funds for industry recognizes the urgency of the debate which has already started.

This is particularly so in view of the substantial work already carried out by the National Economic Development Council committee on finance for investment (the Roll Committee), which was set up early last year.

Under Sir Eric Roll this committee, which includes representatives from the trade unions, management, the City and government, was set up with a wide brief to look at finance for industry.

The Roll Committee has looked specifically at countercyclical investment plans and the need to ensure that industry has adequate finance for capital investment.

While much of the Roll Committee's investigation covers the same ground as the Wilson Committee is inquiring into, the view apparently is that the debate on industrial investment will be of such importance by the turn of the year that the latter should make its views known.

Such, the last meeting earlier this month of Sir Harold's committee adopted a degree of urgency not seen at the first meeting. It was decided to write to all providers and users of finance as well as government departments and the Bank of England asking for their written views within two months on the subject of funds for industrial investment.

The Committee will hear oral evidence on this subject before deciding whether it is possible to present an interim report to the Prime Minister, who called for the inquiry into the City in the face of left-wing calls for bank and insurance nationalization to be included in the next Labour election manifesto.



Mr du Cann, chairman of Cannon Assurance

It sales cause sharp drop in money supply

Whitmore Correspondent

Heavy sales of gilt edged securities by the authorities led to a sharp contraction in the money supply, the banking to mid-January. At this time the Government comfortably inside its target monetary expansion in the financial year, it provoked concern that a squeeze should be allowed to go very much further.

As released by the Bank of England yesterday—they are six weeks to January 4—that "sterling M3", broad-based definition of the money supply, fell for the consecutive month. At this time the Government comfortably inside its target monetary expansion in the financial year, it provoked concern that a squeeze should be allowed to go very much further.

The fall was caused almost entirely by the diversion of funds into the gilt edged market, where both domestic and overseas investors were buying heavily in the expectation of falling interest rates following the setting up of the sterling safety net.

Over the period covered by the latest figures, the authorities issued three new "tap" stocks—nominal value £1,850m—and so great did the squeeze on the liquidity of the banking

system become that the Bank of England was forced to release some £70m of special deposits to ease the strain on the bank's reserve assets base.

The fall in sterling M3 over the six week period now means that it has risen by 5.9 per cent in the first three quarters of the financial year, April to December. This would indicate that the Government is now easily inside the target of 9-13 per cent growth for the full year that was mentioned by Mr Healey in December.

The other main indication from yesterday's figures is that the Government is also well inside its £9,000m ceiling for domestic credit expansion this year. With substantial purchases of foreign currency for the reserves around the turn of the year, DCE will have fallen appreciably more than sterling M3—and probably by enough to leave DCE after ten months of the year at well under £5,000m.

Financial Editor, page 19

MONEY SUPPLY

The following are the figures released for the monthly amount of the money stock, seasonally adjusted at the mid-month make-up date. It is now known as "sterling M3".

UK residents' deposits in other currencies.

	M1	M2	M3	Percentage change over 3 months at annual rate
	£000m	£000m	£000m	
1976				
Jan	16.3	38.4	4.8	n.a.
Feb	16.9	37.0	21.4	n.a.
March	17.0	37.0	13.3	10.0
April	17.4	37.4	29.6	11.3
May	17.4	37.7	11.8	7.9
June	17.2	37.8	3.8	8.3
July	17.7	38.4	8.3	11.4
Aug	18.0	38.0	18.9	15.1
Sept	18.3	38.3	2.3	8.0
Oct	18.1	40.1	10.1	18.4
Nov	18.3	40.4	7.0	14.4
Dec	18.5	40.2	1.7	4.8
1977				
Jan	18.2	39.5	1.8	-5.0

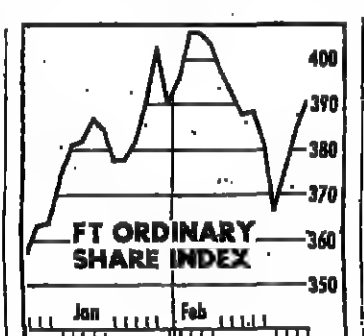
it-linked insurance market

Unit-linked assurance has been the first time since the first time that unit-linked sales have fallen for the public.

Released yesterday by the Trust Association in London, the unit-linked sales for the first three months of 1977 were only 36.5 per cent of the total sales of unit-linked sales for the first three months of 1976.

The fall was caused almost entirely by the diversion of funds into the gilt edged market, where both domestic and overseas investors were buying heavily in the expectation of falling interest rates following the setting up of the sterling safety net.

Over the period covered by the latest figures, the authorities issued three new "tap" stocks—nominal value £1,850m—and so great did the squeeze on the liquidity of the banking



The 24-point gain over the past three days has lifted the FT index to within 10 points of the 400 mark, last achieved on February 4. In January 78 the index broke through the barrier for the first time in more than eight months.

Challenge to rise in lead prices

By Wallace Jackson, Commodities Editor

A clash developed yesterday between the British Battery Manufacturers' Association and the London Metal Exchange about the recent sharp rise in the price of lead on the LME.

Mr John Ray, managing director of Chloride Europe and chairman of the BBMA, said that there was no evidence, either from consumption or the level of industrial activity, to justify the £100 increase on prices.

Letters had been sent to Mr Fred Wolff, chairman of the LME committee and Sir Peter Carey, Permanent Secretary at the Department of Industry, asking them to look into the matter. The LME and the Bank of England should act to curb speculation and pointing out that this was done in May, 1974, by limiting non-trade activity.

Mr Wolff said a shortage of physical metal, and not speculative buying, was behind the rise. The rise to over £400 a tonne reflected a shortage of both scrap and primary metal as well as strong buying from the eastern block and the United States.

At the afternoon close cash lead was at £404 a tonne, 16.75 up on the day, and three months was £11 up at £410.50 a tonne.

Racial victory in the battle for Milgo

Racial Electronics has won its battle for control of Milgo Electronic Corporation of Miami, Florida.

The British company said last night that it now had slightly more than 50 per cent of the Milgo capital. The other bidder for Milgo, Applied Digital Data Systems, has agreed with Racial to extend its exchange offer for Milgo shares until 9.45 am New York time on February 22 to permit further discussions of the ownership and control of Milgo, and the resolution of outstanding disputes between Racial and ADDS.

Racial has been told by ADDS that should these discussions not lead to a satisfactory resolution of the situation, ADDS will decide whether to retain its interest in Milgo or to tender its holding of Milgo shares to Racial.

Fear of haulage 'chaos' after wages decision

By Christopher Thomas

Mr Booth, Secretary of State for Employment, yesterday accepted a recommendation to abolish the Road Haulage Wages Council, which sets statutory minimum pay rates for 220,000 lorry drivers.

The Road Association immediately gave warning of "chaotic situations" in industrial relations.

The recommendation was published yesterday by the Advisory, Conciliation and Arbitration Service (Acas), which said the council was no longer necessary to maintain a reasonable standard of remuneration for the workers it covers.

It suggests that the private sector should build on existing local agreements and develop them into joint industrial councils, while a national body should be set up for discussion of matters of common interest.

Acas said in its report that the majority of workers in the industry were covered by voluntary collective agreements and the present bargaining powers of the trade unions were sufficient to maintain an adequate level of pay.

The wages council should not be converted into a national joint industrial council for the industry.

The Road Haulage Association last night said the report virtually dismissed the position of the numerous employees who were not trade union members, and failed to anticipate the chaotic situations which would arise in labour relations under such a system.

US shareholders claim £600,000 from Rank

By Christopher Wilkins

American shareholders in The Rank Organisation have begun legal action against the company seeking nearly £600,000 in damages as a result of the offer for sale of new shares made by Rank in April, 1975.

Rank's annual report reveals that the damages claim has been made by 83 plaintiffs resident in the United States in respect of 15 million shares.

The company notes that it "is advised that it has a good defence to the claim", and it has not made any provision for potential liability in its accounts.

Legal action was initiated in the British courts towards the end of last year, but if it is to be fought through the courts at all—which is by no means certain—it is unlikely to be this year.

The dispute has arisen as a result of the exclusion of American shareholders from the £22m offer for sale of shares which was extended to other shareholders in 1975.

In its annual report covering that year Rank stated that it "would have preferred to have made a rights issue to all of its existing shareholders but this was not found practicable."

It said that any issue of shares to North American shareholders would only have been permitted if registration with the American and Canadian shareholders had previously been made.

A thorough examination was undertaken by our professional advisers into the consequences of such a registration and it was reluctantly decided that this would have been too onerous.

"In particular the Organisation would have been required to depart from normal United Kingdom accounting practices adopted over many years."

Financial Editor, page 19

Second coal price rise in autumn hinted

By Roger Violevo, Energy Correspondent

A 15 per cent rise in coal prices from April 1 was confirmed yesterday and the National Coal Board gave a warning that it may have to seek another increase in the autumn to cover the cost of early retirement for miners.

The NCB said the 15 per cent rise would cover all the board's increased costs; provided that early retirement could be financed from increased productivity, now being discussed with the unions.

The size of the increase and the prospect of another rise later in the year provoked a "strong protest" from Sir Arthur Hawkins, the chairman of the Central Electricity Generating Board, the NCB's largest single customer.

In a letter to Sir Derek Ezra, chairman of the NCB, he said the CEGB had been hoping to burn an extra three million tonnes of coal in the coming financial year. "With a 15 per cent price increase, our coal burn is not likely to go up by more than one million tonnes," he said.

As a result of the increase the CEGB, which depends on coal for 75 per cent of its generating capacity, will see its annual coal bill rise by £170m to £1,350m. Electricity boards in England and Wales will have to add about 8 pence to customers' bills through quarterly increases in the fuel cost adjustment clause in 1977-78, to meet these increased costs.

The coal price increase is also a blow to the British Steel Corporation, whose coal bill last year was slightly less than £280m. ESC said last night that the rise would add about £50m to its annual coal bill. It means that the BSC faces further pressure on its price levels but because of poor market conditions it has been forced to delay increases planned for April until July at the earliest and in some cases has cut prices by offering rebates.

Domestic coal prices will also rise by 15 per cent although summer discount rates will mean that the increases will not be fully implemented until the autumn.

Allied chief spells out £164m investment plan

By Ronald Embley

Mr Keith Showering, chairman of Allied Breweries, yesterday explained how the company would spend the £164m it has earmarked for investment by the end of next year.

Since this capital expenditure programme was announced last year, the distribution of funds has been a difficult task. The company has been able to secure a record amount of £20m to be spent on development in the free trade market, and a further £14m is being devoted to miscellaneous provisions.

Allied's wine and spirits division has been allocated the remaining £19m of the total capital outlay, Mr Showering said. Of that, £13m would be spent on the British market, while the remaining £6m would be spent on overseas interests. Doubtless, a large part of this will be devoted to the development of Teachers' whisky export potential.

Outside the £164m investment programme, Allied's chairman also revealed that the group would invest £23m in expanding its overseas division, including Skol International and the group's interests in the Dutch brewing and soft drinks markets.

Company News, page 20

Lloyds Bank Base Rate

Lloyds Bank announces that with effect from Friday, February 18th, 1977, its Base Rate for lending is reduced to 11½ per cent. The rate of interest on 7-day notice Deposit accounts and savings Bank accounts will be 11 per cent, a decrease of 1 per cent.

GLYDESDALE BANK LIMITED

GLYDESDALE BANK LIMITED announces that with effect from 18th February, 1977, its rate for lending is being decreased from 12½ per cent to 11½ per cent per annum.

Hill Samuel Base Rate

Hill Samuel & Co Limited announce that with effect from Friday, February 18th, 1977, their Base Rate for lending will be decreased from 12½ per cent to 11½ per cent per annum.

Interest payable under the Bank's Demand Deposit Scheme on sums of £500 up to £100,000 will be at the rate of 9½ per cent per annum. Interest rates for larger amounts will be quoted on application.

Hill Samuel & Co. Limited
100 Wood Street
London EC2P 2AJ
Telephone: 01-628 8011

Standard Chartered announce that with effect from the close of business on 17th February, 1977,

the following annual rates will apply
Base rate 11½%
Deposit rate 8%

Standard Chartered Bank Limited

How the markets moved

Rises	Falls
Bankers Inv 41p to 48p	Burmah Oil 2p to 7½p
Braithwaite 30p to 27½p	May & Hassell 4p to 6½p
Can & Sheer 21p to 22p	Morris 4p to 15½p
Deacons 21p to 20p	Northwest 4p to 94p
Fisons 5p to 30p	
Graham Roe 3p to 33p	
Hawker 3p to 36p	
Imperial Ind 3p to 33p	
Kent 3p to 27p	
Man Agcy Music 6p to 66p	
Man Ship Canal 20p to 238p	
Montfort 4p to 42p	
Phillips Pats 1p to 8p	
Royston 3p to 32p	
Stocklake Hides 5p to 32p	
Tool 3p to 36p	
Vickers 3p to 16p	
Vesper 1½p to 89p	
Yarrow 3p to 175p	
Whitingham W 4p to 23p	

The Times index: 162.07+1.51
The FT index: 390.4+5.2

THE POUND	Bank	Bank
	buys	sells
Australia \$	1.61	1.56
Austria Sch	39.50	28.50
Belgium Fr	6.75	61.75
Canada \$	1.73	1.74
Denmark Kr	10.38	9.98
Finland Mk	8.70	8.46
France F	8.72	8.46
Germany Dm	4.27	4.05
Greece Dr	66.75	63.50
Hongkong \$	157.00	151.00
Italy L	505.00	480.00
Japan Yn	44.42	43.30
Netherlands Gld	9.28	8.92
Norway Kr	58.00	54.50
Portugal Esc	2.14	1.97
S Africa Rd	121.00	112.00
Spain Ptas	7.49	7.14
Sweden Kr	4.44	4.22
Switzerland Fr	1.75	1.70
US \$	2.40	2.30
Yugoslavia Dnr	34.20	32.00

Notes for small denomination bank notes only as supplied yesterday by Barclays Bank International Ltd. Different rates apply to travellers' cheques and other foreign currency business.

Commodities: Coffee prices rose sharply. Reuters' index was at 1637.4 (previous 1630.3).

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DoT investigation raises questions on laws covering licensed share dealings

Two censured over Edward Wood collapse

By Ray Maughan
A highly critical Department of Trade investigation into the affairs of Edward Wood, a quoted engineering company controlled by Mr Desmond Lyons and Mr Bruce Le Marquand, and its involvement with Skibben Winton Construction has raised serious questions about the laws and practices relating to licensed dealers in securities and the statutory requirements for prospectuses.

The DoT inspectors, Mr Derek Clarkson, QC, and accountant Mr Kenneth McKinlay were appointed under section 165 of the Companies Act 1948 to investigate allegations of fraud by the vendors of SWC at the behest of Wood shareholders and the instigation of Mr Lyons and Mr Le Marquand.

But the inspectors concluded that "we are in no doubt that the failures of Wood, or both companies under examination were primarily attributable to the conduct of Mr Lyons, supported by Mr Le Marquand."

The latter, who lost £350,000 through these ventures, escaped reasonably lightly from the inspectors' censure.

But the inspectors reached the opinion that "Mr Lyons is a person unfit to be in charge of shareholders' or investors' funds in any form. On his record, despite much ingenuity, he has never scored any lasting success

in any of his schemes; on the contrary, he has been censured by the Panel on Takeovers and Mergers over various transactions, including some of those under review."

Before Mr Lyons acquired Wood and was searching for a stock market vehicle, he was censured for a breach of rule 30 of the Takeover Code, where it was found that he had had inside dealings in Rowan & Boden.

Yet the inspectors point out that "when he was debarred from dealing in his own name, and was unable to deal in the name of his own company, he seems to have found no difficulty in operating through Stanhope Finance."

The inspectors established that Stanhope had close connections with D. F. Lyons, a licensed dealer controlled by Mr Le Marquand, and in January and March, 1973, made offers (on behalf of DFL), of first 5p then 15p for ordinary shares in Edward Wood.

The offer for Wood and the eventual acquisition of SWC were closely connected. Wood, at the time of DFL's offer, was played into members' voluntary liquidation although it remained quoted. When DFL acquired more than 50 per cent, a stay of liquidation was achieved, an integral part of which was DFL's commitment to inject substantial new assets into Wood.

KWC, Mr Lyons's choice as an injection,

was a highly geared builder where the secondary bank, First National Finance Corporation, was its chief source of finance.

Central to the original allegations of fraud—and in turn the inspectors' criticisms—was the form of the offer and this basis of a profit forecast made by the vendors of SWC.

The main cause of the failures of Wood and KWC, the inspectors decided, "was the disastrous venture whereby Wood acquired SWC at a price which included £100,000, payable in cash, followed by the responsible conduct of Mr Lyons and Mr Le Marquand in abstracting the remaining funds in Wood in attempts to meet their commitments elsewhere."

As regards SWC, they judged, "Mr Lyons's allegations of fraud on the part of the vendors seem to us ill-founded. Having regarded all warnings of possible trouble as a vendors' plot to break off the deal, Mr Lyons promptly changed course when the foreseeable problems emerged and alleged that the vendors had deliberately defrauded him by concealing the true position," they added.

As the inspectors discovered "it is indicative of the spirit in which the entire scheme was put forward, namely, that if it was not necessary to say or do something, it was necessary not to say or do it."

They observed that "the statutory requirements for prospectuses are out of date. Because the company in question was not currently quoted, this leaves an obvious loophole."

"We see no reason why the discipline which applies to investors outside the range of quoted securities should be less strict than that of the Stock Exchange—indeed, there are obvious reasons to the contrary."

"We recommend that the standards of disclosure and presentation for all communications to all investors should be raised to a level not lower than that now obligatory in respect of quoted securities," the inspectors concluded.

Mr Lyons became managing director of Stanhope last year and had intended to reapply for his dealing licence. Having been informed that Stanhope's licence was not to be renewed, he consequently resigned, and the Department of Trade is now understood to be considering afresh the question of the company's licence.

In a prepared statement last night, Mr Lyons said: "I was directly responsible for the appointment of the inspectors. I believe their report is essentially untrue and attempts to disguise the true facts. Further, I believe it is fundamentally dishonest and contains unjustified defamatory statements, unwarranted in the public interest."

Successor to postal chief named

By Malcolm Brown
Mr Varley, Secretary of State for Industry, yesterday named Mr Denis Roberts to succeed Mr Alex Curran, the Post Office managing director, posts. Mr Curran is retiring on July 31.

The announcement disposes of one difficulty for Mr Varley, but the Minister is still faced with a major restructuring problem for the corporation's top jobs.

The present chairman, Sir William Ryland, who has already had one extension of his term is due to retire at the end of the year, while Sir Edward Fennessy, deputy chairman and managing director, telecommunications, leaves this summer. Mr Kenneth Young has recently been reappointed as director of personnel and industrial relations, but Mr Varley has not yet found anyone to fill the Finance and Accounts posts on the board.

"Two factors are causing difficulties: the Carter inquiry into the running of the corporation, and the question of industrial democracy applied to state industry boards."

Because of the enormous changes in Post Office structure which may emerge from the Carter inquiry and the uncertainties about how worker-directors would affect the corporation, many potential recruits are clearly regarding the situation as too fluid and are unwilling to commit themselves.

Fund surplus offers hope for cheaper holidays

By Patricia Tisdell
Discussions which could result in cheaper package holidays are about to take place between the Government's Air Travel Reserve Fund Agency and the Civil Aviation Authority.

At present holidaymakers taking air-inclusive holidays pay a levy of 2 per cent to the fund, which is used to reimburse clients of failed air travel organizer licence-holders after the collapse of Clarksons Holidays.

The first annual report of the Agency, issued yesterday, shows that it needed to draw on less than £2m of the £15m made available to it from public funds. A subsequent statement by Sir Kenneth Selby, chairman of the Agency said that by last November the Agency had been able to repay this sum. Since then levy contributions have built up the fund to a total of £6.4m.

The report shows that nearly 100,000 holidaymakers were reimbursed during the eight months to March 31 last year. Of these, the majority, 70,644, were clients of Clarksons Holidays Ltd.

In order to reimburse customers who had paid for, but not taken, holidays provided by failed package tour operators, the fund paid out more than £3m during that period. Sir Kenneth reckons that over 90 per cent of the claims resulting from the failure of the Clarksons Line holiday subsidiaries had been paid by last November.

Since then there have been other, smaller tour operator failures, notably of Intercontinental, which called for payments from the fund.

Even so, Sir Kenneth believes he is in a position to begin discussions firstly with the Civil Aviation Authority, and secondly with Mr D. Selby, Secretary of State for Trade, to see if the levy contributions cannot be reduced.

In addition the agency would like to extend the scope of compensation made from the fund.

Particular problems have arisen from the failure of collapsed air travel organizers were able to make outward journeys but incurred extra expenses from hotels while on holiday or from airlines in making return journeys as a result of the failure.

Technically such cases are not covered by the present statutory provisions governing the fund. These and other instances are cited by the agency as areas where clearer guidance is needed.

Appeal to toolmakers to avert Leyland shutdown

Leyland Cars, faced with a virtual shutdown of the company today if toolmakers carry out their threat to strike over differentials, yesterday made a last-ditch appeal to the 6,000 toolmakers to call off their dogs.

Terry Duff, executive member of the Amalgamated Union of Engineering Workers, added his appeal to the toolmakers to heed the instructions earlier this week of the union's executive.

Already about 20,000 Leyland workers have been made idle by a number of disputes, although 1,300 striking paint shop workers at the body plant at Castle Bromwich agreed yesterday to return to work on Monday. They have been on strike for 13 days over the sacking of 32 men who refused to take up alternative work.

Leyland plans to begin a phased recall of body plant workers next week, although the virtual shutdown of all plants is threatened if the tool room men strike.

Mr Geoffrey Whelan, personal director of Leyland Cars, yesterday appealed to the toolmakers to think again.

The company wanted to bring wage levels in its plants into line but this could not be done if workers, like the toolmakers, put their jobs in jeopardy by going on strike.

"We are absolutely determined not to extend the number of negotiations in Leyland Cars. We need fewer negotiations, not more."

The dispute had stopped production at the Mini, Ford, and Jaguar and Rover 3500. Marina productions at Cowley had been halted by a strike of 150 machinists, with 6,300 laid off.

Ford strike: The Ford plant at Dagenham lost 350 Corvairs and 170 Falcons last night as the strike by 360 night shift workers began to bite. The walkout by body workers, over the dismissal of a man for allegedly assaulting a foreman, resulted in 2,300 men again being laid off on the night shift.

Europe shipowners place fewer orders in Japan

By Peter Hill
European shipyards have secured more orders from EEC owners in the past three months than community shipowners placed with Japan. This is a sharp reversal of the overall trend which has led to growing pressure from national governments to support hard-pressed European yards.

The new trend has emerged at a time when Japan is about to raise the prices of the ships it builds for foreign owners in response to demands from the EEC that there should be a fairer sharing of available orders between the two major shipbuilding blocks of the world.

Figures published yesterday show that in the period from November last year to the end of last month, Community owners placed orders for 60 vessels totalling 416,455 tons, deadweight with European yards, and only 14 ships totalling 152,840 tons were placed in Japan.

In the previous three-month period EEC owners ordered only 193,650 tons from European yards while 493,791 tons were ordered from the Japanese.

orders between the two major shipbuilding blocks of the world.

The primary motivation of any manager is the opportunity to confront complex problems which threaten his operation and, by a combination of skill, calculation, cunning, creativity and persuasion, to overcome them. The satisfaction comes from standing back and saying to oneself "I initiated that."

In smaller entrepreneurial companies this satisfaction is still possible. Sadly, in larger companies long chains of command dilute this sense of

British oil rig personnel paid less than rivals

By Roger Vielvoe
Workers on exploration rigs and platforms in British offshore waters are worse off than their colleagues in Norwegian, German, French, Dutch and Irish waters. A survey of offshore conditions conducted by Petroleum Times says British offshore workers lag behind in wages, and also job security, overtime rates and fringe benefits.

Petroleum Times adds that Norwegian offshore workers are the best paid, with the French not far behind. West Germans, Belgians, the Dutch and Irish also figure above.

A comparison of monthly wage rates shows that a roughneck—a semi-skilled worker on drilling operations—is paid the equivalent of £1,115 a month on Norwegian-controlled structures: \$939 in Germany, \$928 in Ireland, \$809 in France, and only \$760 in the United Kingdom.

EEC corporation tax plan implications worry MPs

Members of Parliament are being asked to give further consideration to the European Community's draft directive proposing a common structure for corporation tax on dividends at a uniform rate of 25 per cent could have adverse consequences for Britain's balance of payments. They reinforce similar views expressed by a Lords select committee.

At the heart of the anxieties

is a requirement on the Inland Revenue to levy a withholding tax as a measure to combat tax evasion.

It would not apply to dividends paid to individuals or investors residing in the member state in which the dividend payment arises, or to dividends paid to parent companies within the Community. But it would apply where dividends are paid to overseas investors in a Community share issuing company.

The Inland Revenue told the select committee that the EEC directive could entail some constraint on national political and budgetary freedom.

Balfour Beatty welcomes Saudi price-fixing inquiry

Balfour Beatty, one of the British companies named in reports about allegations of price-fixing in Saudi Arabia, said yesterday it would be pleased to co-operate with the Riyadh Government inquiry already investigating foreign bids for Saudi contracts.

Balfour Beatty, together with the German company M.A.N. bid for one part of an electrification scheme estimated to be worth several hundred million pounds.

Over the past few days there have been allegations from the Saudi Arabian Government that

there may have been collusion. In yesterday's statement Balfour Beatty said that it had prepared a bid for the electrification of the Al-Jubail district in Saudi Arabia in consort with M.A.N. The bid had been prepared without reference to any other company which rendered for the work.

"The price levels reflect the risks involved on long-term, fixed-price contracts involving assessing future rates of inflation over a five-year period, not only in the United Kingdom and West Germany but also in Saudi Arabia."

Retail spending in final quarter above estimate

Revised figures published yesterday suggest that consumer spending rose rather more sharply during the fourth quarter of 1976 than earlier believed. The second estimate for the consumer expenditure figures, published yesterday by the Central Statistical Office, has been increased, £35m to £8,990m at 1970 prices.

This suggests that spending throughout the fourth quarter was running at a higher rate than during the third quarter. An 8 per cent increase in spending on alcoholic drink and on fuel and light was mostly responsible for the increase.

CONSUMER SPENDING

The following are figures for the second preliminary estimate of consumer expenditure, seasonally adjusted at constant 1970 prices released by the Central Statistical Office yesterday:

	£m	%
1974 Q1	8,850	-5.8
Q2	8,841	-1.7
Q3	8,963	-1.6
Q4	9,057	-4.3
1975 Q1	8,989	-3.0
Q2	8,851	-8.3
Q3	8,776	-3.4
Q4	8,758	-0.8
1976 Q1	8,876	-5.5
Q2	8,812	-2.9
Q3	8,928	-5.4
Q4	8,990	-2.8

r revised. p provisional.

House prices in relation to income lowest for years

By Margaret Stone
House prices in relation to income are now at their lowest level for several years. Statistics released yesterday by the Department of the Environment show that average house prices were 2.72 times average income in the last quarter of 1976 compared with 3.4 times in 1973, the end of the great house price boom.

The figures, prepared in conjunction with the Building Societies Association, are based on a 5 per cent sample survey of mortgages completed in the last quarter of 1976. This shows that the average house price is now £13,114, although the regional variations range from an average of £10,307 in the Yorkshire and Humberside area to £16,359 in Greater London.

The average advance was 64.5 per cent, which represents

Dry well setback in Celtic Sea search

Hopes of finding commercial quantities of oil and gas in the Celtic Sea have suffered another setback with the announcement from Texaco and British Gas that drilling of the joint well on block 103/2, off St David's head, has been unsuccessful.

LETTERS TO THE EDITOR

Bullock: professional engineers must be heard

From Sir Charles Pringle
Sir, Much has already been said and written about the Bullock Report but I would like to take advantage of your columns to say a word on behalf of the engineering profession, as it is the engineer on whom our manufacturing industry depends for technology which ultimately generates their wealth and, therefore, the wealth of this country.

Because of his professional code of conduct and his industrial aspiration to become part of the management of industry and because he generally regards his relationship with his employers as a personal one, the professional engineer in private industry, in common with members of other professions, has not until now generally considered it desirable to join a trade union. This council is therefore deeply concerned that the majority report of the Bullock Committee has polarized industry into employers—or shareholders' representatives—on the one hand and trade unions on the other.

Apart from partising in the initial vote as to whether or not there should be employee representation on the board, those in the engineering profession who are not members of recognized trade unions are in effect disenfranchised from exercising their rights in industrial "democracy." We feel strongly, therefore, that in any industrial democracy professional engineers should be recognized as a third force with a vital interest in, and responsibility for, the performance of industry as well as an added responsibility to the public at large.

This is especially true of the professional engineer: not only is he responsible for

design and development—with which no technology-based industry can thrive—but he plays also an important part in controlling operations on the shop-floor, in marketing, and in management. Not least of all the chartered engineer is required by his code of conduct to have a proper regard for public health, safety and welfare.

It is essential in our view that any consultative arrangements established to achieve worker-participation, the professional engineer's voice should be heard and that it should be heeded, irrespective of whether he is a member of a trade union.

A first essential in any introduction of industrial democracy, whenever this should be and whatever guise, must be to prevent it from becoming a divisive issue within management, within the workforce and within the country as a whole. Moreover, the contribution of the engineering and other professions must not be denigrated.

It would indeed be tragic if a new form of industrial management, aimed at better consultation, was to fail to achieve the objective of greater efficiency because of inadequate consultation and preparation and a lack of foresight. Provision must therefore be made for full consultation with the professions, and the engineering profession, through the CEI, is ready and willing to participate in any such consultation.

Yours faithfully,
CHARLES PRINGLE,
Chairman,
Council of Engineering Institutions,
2 Little Smith Street,
Westminster,
London, SW1P 3DL,
February 11.

Production a use of titanium

From Mr G. Logbourne
Sir, I wish to refer to a informative article on the use of titanium by Clifford (February 1).

I would however point out that the statement that IMI is now being the largest producer of tubing is incorrect. I information, the comp which we are United distributors, Titanium Corporation of America, fact the world's largest of titanium tube.

We would further point out with the statement that for titanium has been de in recent years. As wh industrial metals citati suffered from reduced s ing the current recess 1974 and 1975 were breaking years, both i volume and the intro new applications. In respect the current d has had little effect v elopment of new out uses of this most versat has continued in a posit ous fairly.

G. LAPOURNE-SMITH,
Sales Director,
Titanium Metal & Limited,
85 London Wall,
London, EC2,
February 9.

Overseas earnings

From Mr G. G. Newman
Sir, In the past month or have repeatedly seen re —both in your column other financial newspa the possible amendmen ing first time 1977 Fin in connection with employment.

In the Inland R recent press release I e is explained that they s templating making som of tax benefit to people D cases typically, a fessional partnership. It follows that what is rig Schedule E taxpayer wh overseas ought to be rig Schedule D taxpayer. I hoped that the Revue had the "self-employ and when formulating new rules.

Yours faithfully,
GEOFFREY G. NEWMAN,
Geoffrey Newman and P 65 Grosvenor Street, London, W1X 9RD, February 10.

Motivation of managers

From Mr Anthony L. Hunt
Sir, The pligh and motivation of British managers has had considerable attention in your pages recently. As the market manager of a medium-sized company (having previously worked for two "blue-chip" giants) may I make a point about motivation, so far overlooked?

The primary motivation of any manager is the opportunity to confront complex problems which threaten his operation and, by a combination of skill, calculation, cunning, creativity and persuasion, to overcome them. The satisfaction comes from standing back and saying to oneself "I initiated that."

In smaller entrepreneurial companies this satisfaction is still possible. Sadly, in larger companies long chains of command dilute this sense of

challenge and achievement, and with them enthusiasm and commitment are diluted, too. To a large extent the motivation of middle management depends upon the scope for initiative which senior management allow them.

Yes, managers want more money—as do doctors and dustmen. Those of us who regularly clock up 60-hour weeks without overtime have a good case for it, too. But what most managers really want is the chance to manage—to practise their profession as a surgeon or a barrister or an actor practises his.

Yours faithfully,
ANTHONY L. HUNT,
45 Vernon Avenue,
Woodingdean,
Brighton,
Sussex,
February 11.

Appointments Vacant also on pages 23 and 24

ASSISTANT UNDERWRITER

An Assistant Underwriter is required for the Transmarine Mutual Strike Assurance Association Limited. This post offers excellent career prospects leading to appointment as Underwriter.

Applicants must be highly numerate and a marine insurance background as underwriter or broker would be helpful but not essential, since a very thorough training will be given.

Starting salary will depend upon age and experience and will be reviewed after a short probationary period.

Applications in writing (together with a short career summary) which will be treated in the strictest confidence, should be sent to the Managers:

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Career prospects are excellent. A very attractive salary plus fringe benefits will be offered to the successful candidates. Applications, which will be treated with complete confidence, should contain a full and detailed curriculum vitae with a passport photograph and be sent to Box 0541 J, The Times.

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Able to manage ground light control at airport. The applicant, who must have a knowledge of high and low tension installation, should be bi-lingual English-French.

Send curriculum vitae with photo, references, and salary requirements to:

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All recruitment advertisements on this page are open to both male and female applicants.

Educational Consultant and publisher situated East Sussex seeks ASSISTANT

Age 20-30, with independent educational background, preferably in the field of educational publishing. Must be prepared to travel in the UK, have experience of interviewing and be able to write well. Salary not less than £4,500.

Send curriculum vitae and handwritten covering letter to the first instance to Box 004 J, The Times.

NOTICE

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UNIVERSITY APPOINTMENT

The University of Liverpool
DEPARTMENT OF ECONOMICS

Applications are invited for the post of Lecturer in Economics. The successful candidate will be required to teach and supervise students in the Department of Economics. The post is full-time and involves a minimum of 10 hours per week. The salary is £6,000 per annum, plus a pension of £1,000 per annum. The successful candidate should have a PhD in Economics and a minimum of 5 years' experience in teaching and supervising students. Applications should be sent to the Department of Economics, University of Liverpool, 696 9TH Avenue, Liverpool L69 3GB.

BY THE FINANCIAL EDITOR

As money supply contracts...

lay's money supply merely served to confirm that we already knew—that the corollary for stabilization was that the money supply would be posed considerable problem in the resulting movements, internal and

would, of course, argue that the money supply in the wrong way and have done far better to let the market find its own level. But they have, with one exception, not been able to do this. They will be hoping for a slightly more gradual period on the front end looking at a government borrowing in the final months of the financial year to rectify the depression of the aggregates—particularly that the fall in the money supply adjusted M3 of 1.6% is in fact a full 2.3% on an unadjusted

of course, is going to be a position of the bank's interest. Yesterday's rate cut was prompted by the fact that the money supply has been fairly flat and that the latest figures (to Wednesday) have shown the money supply moving sharply back to its "correct" level.

But the figures for the month of February are, of course, first in a series of at least three months. It is also, however, the first time that the money supply has been more than 1% below the target since the building societies, a third of their deposits in the money market, have been losing to the banks in a big way for some time. That may not all return at the moment, but it is a sign that the money supply is moving down today. On the other hand, the formula for the money supply, which is based on the money supply, is back into force. But that it will stand the test of time is another matter.

While it remains to be seen whether the money supply will move down today, on the other hand, the formula for the money supply, which is based on the money supply, is back into force. But that it will stand the test of time is another matter.

Organisation

onger ice sheet

Organisation's annual report of continuing the reduction of borrowings and the sale of property can be done at a realistic price. The report also states that the company's borrowings in the money market are falling in sterling and that the company's assets are increasing in value. The company's assets are increasing in value, and the company's borrowings are falling in sterling. The company's assets are increasing in value, and the company's borrowings are falling in sterling.

as the non-Rank Xerox picture is concerned, Mrs. Mowatt has been in the money market for some time.



Sir John Davis, who retires as chairman of the Rank Organisation at the annual meeting to become president, realising property.

from £16.1m to £32.6m depended upon recovery in the industrial and consumer products division from a mere £669,000 to £11.9m—chiefly thanks to a 16m cut in the losses of Rank Radio International.

All the other divisions were showing ahead as well. However, Leisure services and hotels were 44 per cent ahead (at £5.7m) still below 1976's figure, while property was up by 38 per cent and Buildings by 10 per cent. With the balance sheet evidently moving into a sounder phase than last year, a strong case for the shares which at 177p yield 6.2 per cent and sell at less than 9 times earnings.

Accounts: 1975-76 (1974-75)
Capitalisation £305m
Net assets £237m (£214m)
Borrowings £302m (£259m)
Pre-tax profit £75.6m (£50.7m)
Earnings per share 20.2p (13.9p)

Linked life

A saving grace

The linked life assurance industry last year contributed more to the growth of unit trusts than did direct sales of units to the public. Out of total net sales of units of £167m last year no less than 52 per cent came from the sale of assurance contracts linked to units, whereas in 1975 business from this source was only 36 per cent.

There are several reasons for this sudden surge of unit-linked business. Not least the aggressive and successful marketing of single premium bonds where overall sales (including equity, managed, property and gilt funds) has more than doubled last year.

But the fundamental reason is that the unit trust industry is virtually certain to be rescued by its own offspring while life assurance contracts continue to enjoy their present tax privileges. Unit trusts themselves are a tax-efficient investment vehicle and regular premium bonds combine the tax advantages of unit trusts with the life assurance.

So professional advisers are increasingly going to include linked life assurance in their repertoire: a move which is actively supported by the unit trust groups with linked life arms. Unit trust investments may be defined as a long-term operation but there is more evidence to suggest that, in fact, unit holders are very volatile investors. Policyholders, on the other hand, are not.

Linked life's share of gross sales has remained constant at around 25 per cent for the past three years. But it is the net

level which counts, and in this context there seems little doubt that if it were not for the stability provided by linked life sales, the unit trust industry would now be in a very precarious position with repurchases exceeding sales.

Indeed, it may not be too far fetched to say that had the industry been publicly in a net redemption position that it fundamentally has reason to be grateful for the growth of linked life assurance.

Coats Patons

"Cheaper in the end"

"The balance sheet can stand it" was one of Coats Patons' justifications for going to its shareholders yesterday. And undoubtedly the balance sheet can, for all that the impact of currency depreciation has put up the nominal value of overseas borrowings, and working capital requirements have already been rising to reflect the effects of higher costs.

The group takes the view that under these circumstances borrowing provides the best means to expansion and is "cheaper in the end"—a view which, with the shares standing at 651p last night for a p/e ratio of probably less than 8:1 on last year's earnings, is entirely justifiable.

It has emerged from the great textile recession with one of the best balance sheets in the business—thanks not merely to a strong overseas content, which helped to smooth out the worst aberrations of the home market, but also to an early decision to concentrate on liquidity.

That decision, pursued to the point of cutting out the final dividend for 1974 in the face of a massive international opposition, left borrowings at the end of 1975 balance sheet date almost 40 per cent down on those of the preceding year, at rather less than a third of shareholders' funds. So the fact that Coats Patons is now carrying new borrowings probably says more for the state of the textile sector than any amount of healthy profit figures from its less conservative competitors.

Standard Trust

Still arguing

Standard Trust and the British Rail Pension Funds are still arguing about the bid which the latter may make for the former: but the scope for negotiation is growing narrower.

For although the Pension Funds' latest suggestions on terms—a price set at 95 per cent of the net asset value—seem to be a long way from any meeting of the minds on the treatment of contingent liabilities (to capital gains tax and the dollar premium surrender).

The Funds argue that they should be stripped out in calculating net asset value. Standard's board takes the view that there is no reason why the company's shareholders should suffer because the Funds want to change the status quo.

And they claim that an estimated price of 137p on the Funds' formula is still 15 per cent below the net asset value of Standard's shares if the status quo is maintained, and that it represents an inadequate reflection of the value of the company's assets to its shareholders. The market last night was valuing them at only 122p, but there are likely to be further developments.

There is an awful lot of solar energy about, a long-awaited Department of Energy report confirms, but much of it will remain very difficult to tap.

Fossil fuels can be regarded as stored solar energy, since they are the accumulated products of prehistoric photosynthesis. The total fossil fuel reserves, which might be used by mankind for a few hundred years, are the equivalent of no more than a few days' sunshine over the earth.

The solar "input" to the earth provides the driving force for wind, waves and rain. Indirectly, the sun is already exploited extensively in agriculture and forestry, in the field drying of crops and in the incidental heating of buildings.

The report, which is published today, shows that the problem in any attempt to exploit solar energy, is thus not one of developing from scratch an unfamiliar, novel resource, but rather of intercepting and converting a very small fraction of the total radiation before it is dissipated. Only 0.01 per cent of the total would meet the world's present needs.

The United Kingdom receives a surprising amount of solar energy, the report points out. The annual input is about half that of Australia or India, or a third that of the Gulf States (the sunniest part of the world). Expressed another way, it is about 30 times the country's present total energy demand.

Against this, the radiant energy is intermittent and diffuse and so is difficult and expensive to recover.

In the United Kingdom the problems are particularly acute. Despite these problems, the energy is intermittent and diffuse and so is difficult and expensive to recover.

Three main routes to the exploitation of solar energy are examined in the report—its collection as heat, its conversion to electricity by photovoltaic action and its conversion to fuel by photosynthesis of "energy crops".

As reported in previous articles in *The Times*, solar heat collectors are commercially available and can contribute usefully to the supply of domestic hot water. Pilot schemes are operating to test and demonstrate the value of solar heating, but standards for defining or measuring the performance of solar water heaters have not yet been established. Widespread use of solar water

The government is to increase its spending on solar energy research to £6m over the next four years.

Kenneth Owen reports



Two Taiwanese girls put their umbrella to a novel use; foil-lined it attracts sufficient sunshine to cook rice.

turbance to existing life-styles and institutions.

At the cost of greater disturbance and with vigorous exploitation—and subject to more detailed study—the contribution might conceivably be increased tenfold in the longer term.

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heaters could result in savings of up to 25 per cent of present primary energy needs, the report says. But the market penetration rate is likely to be slow until such heaters are cost-effective, which (in general) they are not at present.

As for space heating, the report says that in spite of the unfavourable climate partial if not full solar heating of buildings is technically feasible and could become economic in the future.

The potential savings of primary energy in this area, which could result from a combination of measures to reduce heat loss, the use of solar heat collection and better heat management are substantial, since domestic space heating alone consumes 17 per cent of present primary energy requirements, the report says.

On photovoltaic energy conversion, the report confirms that at present the silicon cell is the most promising device

for converting solar energy into electricity. But, for the economic production of power on a large scale, the present manufacturing costs of panels of solar cells are up to 1,000 times too high.

Whether deployed in centralised arrays or at the point of use, the cost target for total systems in the United Kingdom lies in the range 70p to £2.50 per square metre at 1975 prices.

Even if collector costs are eventually reduced, such devices cannot be considered seriously as a prime source of electricity in the United Kingdom for five main reasons, the report says.

First, output is at a maximum during the summer months, when demand is lowest. Secondly, even in summer, conditions in the United Kingdom are such that the output will change very rapidly, because of cloud shading.

Thirdly, elaborate control systems, probably backed by storage and an alternative supply, would therefore be necessary to compensate for the short-term unreliability of the solar input. This would increase the cost of the overall system.

Fourthly, since the supply from photovoltaic devices is not firm, they must be regarded as a way of saving fuel and alternative firm sources would be required. To be acceptable, amortized capital charges must therefore be less than the fuel costs in the alternative, which sets even more stringent targets.

Fifthly, a large assembly would need a substantial area of land; collectors providing an electrical output of 1,000 megawatts would cover an area of at least 100 square kilometres.

The most likely application of photovoltaic devices, once they have been developed to make them competitive in cost, the report says, will be in the supply of fairly small amounts of electricity on a local scale.

Finally, the report considers the complex photosynthetic processes of plants, algae and certain bacteria which use solar energy to convert atmospheric carbon dioxide and water into organic matter or biomass. Solar energy is thus stored in the biomass for possible future use.

Food (for human or animal consumption) is one evident use of this stored energy, but there are other ways in which the energy may be used more directly. These range from the traditional burning of wood to a variety of chemical or biological methods for extracting oils, gases or alcohols from the biomass.

The whole "energy crop" concept should be analyzed in more detail, the report concludes.

*Solar energy: its potential contribution within the United Kingdom. Department of Energy, Energy Paper No. 16, HMSO, £3.

The author is Technology Correspondent of *The Times*.

Industrial strategy 5: chemicals

North Sea as the catalyst for heavy investment

Mr David Steel, the British Petroleum chairman, surprised many people in the chemical industry (including a number of people within the group's own chemical subsidiary) with his revelations at the end of last month that the group was to spend £2,700m in the United Kingdom over the next five years, with nearly half being spent on chemicals.

But the oil chief's announcement was made to the ears of Mr Eric Varley, Secretary of State for Industry, and cohorts of civil servants at the Department of Industry who have been vigorously pushing for the chemical industry to make a major and tangible contribution to the development of the Government's industrial strategy.

Essentially the Government, and Mr Varley and Mr Wedgwood Benn, his counterpart at the Energy Department, see the chemical industry not only spearheading increased levels of investment, but by taking advantage of feedstock from the North Sea, making a major contribution to the nation's balance of payments through increased exports.

Back in November last year Mr Varley underlined the importance attached by Whitehall to the industry's contribution when he told MPs: "This is a great opportunity for our industry and the Government intend to encourage this increased investment and the related downstream developments to provide greater added value in exports and more jobs."

He continued: "It will be in the national interest that the right industrial projects take place at the right sites, on time and on a commercially viable basis... A key factor will be the availability of ethane and other associated heavy natural gases from the North Sea which will be used as a premium feedstock for ethylene manufacture which

could lead to further petrochemical expansion."

At the heart of the Government's policy towards the industry in relation to the industrial strategy is the construction of four new large ethylene crackers in the United Kingdom by 1985—in addition to the one being built by ICI jointly with BP on Teesside which is due to start commissioning at the end of this year or early next year.

Peter Hill

The Government's thinking for petrochemical industry development is based on the availability of secure feedstocks from North Sea oil and gas; a number of attractive coastal sites for petrochemical development and membership of the EEC, which would not only provide an outlet for the production from the projected crackers and their downstream production facilities, but would also (hopefully) attract overseas companies to invest in the United Kingdom.

In its report last year, the Chemical Industry Association (CIA) (the report which preceded the flurry of subsequent sector working party reports on various aspects of manufacturing industry) suggested that production of offshore crude oil could provide adequate gas and gas liquids to support between two million and three million tons a year of ethylene capacity. On the basis of high growth estimates at that time (on which chemical industry promoters expressed some reservations) European ethylene demand in 1985 was projected at about 28 million tons.

Linked to the Government's approach for high levels of spending on the four cracker plan is the possibility of constructing a huge gas gathering

pipeline system drawing supplies from a number of North Sea fields at a cost, estimated a year ago, at about £2,500m. Decisions on this grandiose scheme favoured by the British National Oil Corporation and British Gas are still some way off.

Ethylene is one of the chemical industry's basic building blocks. It is used in about one-third of the petrochemicals industry in the United Kingdom and Europe is produced mainly from liquid petroleum feedstock in the form of naphtha or gas oil.

But ethane is widely used as a feedstock for ethylene in the United States and with ample supplies from the North Sea, the Government is anxious to promote ethane-based crackers, although this route has the disadvantage in that it does not produce propylene as a co-product which is another important building block for downstream processing.

There has been considerable scepticism within the industry on the Government's four cracker philosophy not least on the grounds of costs for a massive gas gathering complex and the potential in export markets for ethane based ethylene. Since the Government accepted the high growth projections, European demand forecasts for ethylene in 1985 have been revised downwards to not more than 20 million tons a year. Within the industry there is now a feeling that if the Government's aspirations are to be met, a case for certainly two additional crackers can be made, possibly with scope for a further two at a later stage but much will depend on the willingness of overseas chemical producers selecting the United Kingdom as a base for their development.

Senior executives within the industry warn of the dangers of the Government and the industry nailing their flags to the mast of the four cracker

concept (at the expense of other developments) particularly since vast slabs of ethylene capacity tend not to be the most profitable elements of investment and are susceptible to over capacity problems.

Another element in the longer term equation must be the ambitious development plans for petrochemical projects among members of the Organisation of Petroleum Exporting Countries from which a considerable volume of exports can be expected.

Dow Chemicals, the American concern, has been carefully looking at building an ethane-based cracker in the United Kingdom for many months while East-Chem, too, is progressing with plans. BP has indicated that its investment plans provide for a cracker project too (almost

certainly on a partnership basis) but whether there are two, three or four more crackers, industry planners stress that the decision for the fourth need not be taken until about 1981, although Trade Union leaders and some Whitehall officials are pressing for an earlier commitment.

Meanwhile, within the North Sea framework, a petrochemical working party which brings together existing sector working parties is being established and there is a strong feeling that there is considerable scope for developing the United Kingdom as a location for the production of specialty organic chemicals. At the same time the plastics industry, through its Little Noddy, is looking at the prospects for increased capacity in thermoplastics production.

Profit up Investment up Jobs up Greenall Whitley

Mr. Christopher Hatton reports:

- * Pre-tax profit £8,656,000 (£3,985,000) up 42%. But this only averages 2% over inflation over the past 4 years.
- * Corporation Tax up to £4,020,000 from £2,715,000
- * Retained earnings, to be invested back in the business up to £2,883,000 from £1,682,000
- * The second successive long hot summer resulted in record sales for our beers, our Local Bitter and Grunhalls Lager particularly being in great demand. The quality of our beer has been exceptionally good.
- * We are expanding outside the Group's traditional Northwest trading area, chiefly in the Midlands, Yorkshire, Cumbria and South Scotland.
- * We have budgeted for further growth and sales to date are most encouraging.
- * The wines and spirits, soft drinks, off licence, and hotel divisions of the company have all performed well.
- * We have a healthy cash position as a result of careful financial management and our bank balance moved into surplus during the summer.
- * Planned capital investment over £10m., up 55% on last year's budget.

Greenall Whitley & Co. Ltd.
Wilderspool Brewery, Warrington WA4 6RH
Telephone: Warrington 51234
Brewers since 1762; distillers and wine merchants;
Cambridge soft drinks; Compass Hotels;
Red Rose Inns and grills;
Drove and Winery off licences.

Business Diary: IHA's Kennington • East, west, pounds are best

es to plan today the Houses Association will be Kennington, 45-year-old corporate finance child, as its new chairman. Mr. MacDonald, of Hill has completed his two years as chairman of the I apart from that he has been important secondment or general of the Take-over on April 1.

HA, once simply the association for those in what was (once) a new issue business, has in recent years identified its role so as to be a forum for its members. As such, its committee includes names from the merger advice

submitting to the Wilson committee.

Signatories

Alexander Maslov is back in London at the moment with some thoughts for exporters with eyes on the Russian market and for the Export Credits Guarantee Department.

Maslov was in London for four years up to 1975 as the director of Moscow Narodny Bank responsible for foreign exchange. Since May he's been chief foreign manager of Vneshtorgbank the Soviet Bank for Foreign Trade.

He's here at the moment for two signatories, one with Constructions, John Brown and the other with Williams and Glyn's Bank, in connection with the same project, a £50m polyethylene plant to be built at Kazan by the former and largely financed by the latter.

Maslov told Business Diary yesterday he wasn't at all keen on the plans of Denis Healey and the ECGD for persuading the likes of Williams and Glyn's to finance in currencies other than sterling, particularly United States dollars and Deutsche marks.

He saw the scheme raising "additional difficulties" for British exporters to the USSR, apart from considerations such as price or technology.



In for a penny, in for a pound: Williams and Glyn's Tony Killick, CJB's managing director Jack Melbourne and Vneshtorgbank's Alexander Maslov in London yesterday.

The Kazan deal, like most UK-USSR co-operations, is financed in sterling in the wake of the Wilson-Brezhnev trade deal completed two years ago almost to the day. Under this about £1,000m was earmarked for financing sterling deals with the Russians over five years, although with three to go less than a fifth has been used.

ECGD at the Chancellor's bidding would like to see even UK-USSR deals carried out in foreign currencies as interest rates are lower and the burden on the British taxpayer of the resultant credits is less. Customer countries with inflation rates lower than our own

like to borrow sterling and pay back in ever cheaper sterling.

Tony Killick, deputy director of Williams and Glyn's international banking division, said he understood the reason behind the pressure from ECGD, but felt there ought to be a middle way and might otherwise be endangered.

Sweet sorrow

Stan Mowatt, we hear, to quit as group managing director of the loss-making Barker & Dobson confectionery and grocery group.

Mowatt who turned to company doctoring after he lost his £10m consultancy with Cooper Bros, is to return to consultancy through his own firm, Speechbrook.

He says that he is parting amicably with B & D chairman Ronnie Aitken after staying twice as long as the year he originally planned to spend with the group.

Mowatt, who is 38, joined at a time when it was clear that B & D was heading for big losses and was due to lose both its then chairman and chief executive. The new boy became Group MD in January last year.

He told Business Diary that he enjoyed his time with the group even though the going was "pretty tough". Nevertheless, his future doctoring plans do not have room for being chief executive of anything

other than one of his own enterprises.

Deed of title

At a time when there is growing pressure for the abolition of the Upper Chamber there are still trade associations for whom there is nothing quite like a Lord.

John Bellamy, director of the Federation of Wholesale and Industrial Distributors, has stepped down from the presidency—hitherto an internal affair—in favour of a noble outsider.

He is Lord Harman-Nicholls, former Tory MP for Peterborough and junior minister and a director of the family firm of paint wholesalers. Since then, however, it rather looks as if government has stopped listening.

The 22 trade associations in the federation are anxious, for instance, that manufacturers are granted capital allowances by the taxman for new warehouses, but wholesalers are not.

Barclaycard sent a note with a replacement credit card which says: "Thank you for telling us that you have lost a Barclaycard. The old Barclaycard should be destroyed by cutting. Do not attempt to use it."



National Westminster Bank

Rate changes

National Westminster Bank announces that for balances in its books as from and including Friday, 18th February, 1977 its **Base Rate** for lending is reduced from 12½% to 11½% per annum and its **Deposit Rate** on all amounts lodged, subject to seven days' notice of withdrawal, is 8% per annum. **Savings Accounts** will now attract interest at 8% per annum. All other rates remain unchanged.

Midland Bank Base Rate

Midland Bank Limited announces that with effect from February 18th 1977, its **Base Rate** will be 11½%, and that its **Deposit Rate** on amounts lodged at its branches subject to 7 days notice of withdrawal will be 8% on balances of all amounts.



Midland Bank



Courtts & Co.

Courtts & Co. announce that, for balances in their books on and after the 18th February, 1977, and until further notice their **Base Rate** for lending is 11½% per annum. The **Deposit Rate** on all monies subject to seven days' notice of withdrawal is 8% per annum.

The Royal Bank of Scotland INTEREST RATES

The Royal Bank of Scotland Limited announces that with effect from 18th February, 1977, its **Base Rate** for lending is being reduced from 12½% per annum to 11½% per annum. The maximum rate of interest allowed on deposits lodged for a minimum period of seven days or subject to seven days' notice of withdrawal at the London Offices of the Bank will be reduced to 8% per annum.

The Royal Bank of Scotland Limited, Head Office, PO Box 31, 42 St. Andrew Square, Edinburgh, EH2 2YE.

Barclays Bank Base Rate.

Barclays Bank Limited and Barclays Bank International Limited announce that with effect from the close of business on 18th February, 1977, their **Base Rate** will be decreased from 12½% to 11½% per annum. The basic interest rate for deposits will be decreased by 1% from 9% to 8% per annum.

BARCLAYS

BARCLAYS International

Reg. Office: 54 Lombard Street, EC3P 3AH
Reg. No's 4889 and 126579.

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Bear closing behind a thin rise

Base rate cuts from the clearing banks kept share prices relatively firm in a thin and largely technical day's trading. With the bears' anxious to close down their positions, the FT Index quickly moved ahead and by midday it stood 5.3 higher. The banks' move brought a near three-point gain over the next hour, but thereafter prices drifted and by the close the index was 5.2 up at 390.4.

Gifts were also in a restrained mood and by the close most stocks were at, or just below, their overnight levels. At one stage, short dates looked as if they might go easier, but the base rates news brought a touch of firmness and by the close

News of a further delay in the Shipbuilding Nationalization Bill gave a special boost to London & Overseas Freighters and the shares rose 4p to 52p. Its shipbuilding company, Austro & Pickersill, built the SD14, which many consider to be Britain's best-ever cargo ship design and for which orders stretch well into the 1980s.

Equity dealers said that after the 24-point rise of the past three days, more shares were looking very tired. It was, they said, another case of over-reaction, this time to the 15-point slump at the start of the week.

The prospect of a further delay in the Nationalization Bill brought a generally firm response from shipbuilding issues. The best gains came from Vosper, up 12p to 85p, Yarrow 5p to 17½p, Hawker Siddeley 3p to 17½p, and BAE 1p to 17½p. Interest in the aircraft section of the Bill, 8p to 50p, Vickers 5p to 16p and Swan Hunter 3½p to 54p.

But two which did not join in the general advance were

Robb Caledon, which lost 2p to 32p, and Hawthorn Leslie, which was unmoved at 30p. In the financial sector, the clearing banks gained ground as the base rate cuts, the exception being Midland which held steady at 268p. Of the others National Westminster put on 3p to 228p, Lloyds 4p to 212p ahead of today's figures, and Barclays 5p to 260p. Some of the overseas banking issues were in good form, notably NSW Bank, firmer by 14p to 392p, Australia National Bank 5p to 210p, ANZ Group 4p to 270p and Standard Chartered 7p to 312p. Hambros gained 3p to close at 158p.

Lower interest rates gave a boost to the property pitch where Hammerson "A" firmed 7p to 373p, Great Portland 4p to 218p and Haslemere 3p to 182p. The financial Sunley firmed back 3p to 125p after its interim statement, partly on disappointment on the lack of bid news.

Buildings were another sector to gain strength from interest rate considerations with housebuilders Barratt Developments, up 5p to 72p, particularly up 5p to 72p. Favourable talk on next week's figures helped Marlow to close 6p ahead at 133p.

On the electrical pitch, Ultra shot up from 75p to over 100p

on speculative interest which was later vindicated by news of an approach. The shares, though easier, still closed 11p to the good at 86p.

Other electricals to gain ground were Racal, now on the last lap of its Milgo takeover battle, 7p up to 285p, Deca better by 13p to 250p, Reyrolle Parsons 8p to 140p, Rank 7p to 177p in front of the report and Thorn "A" 6p to 238p. Mentioned here, MK Refrigeration were 4p higher at 74p after figures.

Stock commanding speculative interest included Mains, up 6p to 66p, LRC 3p to 67p, and Braithwaite Engineering where the jump was no less than 30p to 270p. News of a New Zealand stake helped Corn Exchange to rise 8p to 134p, Owen Owen went ahead another 2p to 242p in spite of the bid denial reported here and Stanleylands firmed back at 28½p after news of a counter offer from Greenall Whitley, worth 30p.

In shipings, Furness Withy was just a penny harder at 233p after news that Euro-Canadian was to cut its stake, while Stag Line was a centre of speculative interest and jumped 15p to 160p. Manchester Ship put on 20p to 238p after its earlier strong statement.

Textiles had Coats Patons 13p to the good at 65½p after news of a bank loan while Carrington

Viyella continued to reflect its results with another 2p gain to 25p. But Cornhill slipped 2p to 11p after a profits setback.

In farm foods, Associated Dairies was a strong market again, rising 12p to 246p, while

Laurence Scott, the electrical machinery and control gear group, has been noticeably firm of late, closing at 53p, the 1976-77 peak. It is known that for the year to March 31, profits will easily beat the annualized £1.4m profit made in 15 months, but it is also thought by some that one buyer is steadily accumulating his way to a stake of around 10 per cent.

In motors Rolls-Royce added 2½p to 64p, on its rise in export orders and Smiths Industries met with investment demand to add 1p to 156p.

After its report, Allied Breweries firmed a point to 63p, while in papers De La Rue gained another 6p to 328p, and W. H. Smith "A" ended 4p better at 338p. The best of stores were Allied Retailers, up 6p to 80p, Bata 5p to 70p, United Drapery 4p to 62p and after Wednesday's meeting, Burton "A" which rose 4p to 63p.

Brokers stole the limelight in insurance with 6p gains from newcomer Willis Towe, up 6p to 233p, and Matthews Wrightson at 202p and Sedgwick Forbes at 248p. Hambros Life jumped 7p to 202p, while Sun Alliance added 3p to 400p and General Accident ended 2p ahead at 172p.

The best of the leaders were Fisons up 5p to 300p, Glaxo 5p to 442p and ICI 4p to 338p. Equity turnover on February 16 was 569,551, (14,789 bargains). Active stocks yesterday, according to Exchange Telegraph, were AT&T, ICI, BP, Tate & Lyle, RTZ, Vickers, Barclays, Shell, Burnham, Thorn "A", Scottish & Universal, Imperial Group, De La Rue, Beecham, Allied Breweries, Rolls-Royce, Marchwell, Ultra Electronic, British Land, LRC International, Serck and Carrington Viyella.

Latest dividends

Company (and par value)	Ord div	Year ago	Year ago	Year ago	Year ago
Anglo-Siam (10p) Int	0.25	0.25	0.25	0.25	0.25
Cornhill Dresses (5p) Int	0.17	0.17	0.17	0.17	0.17
Garford-Lilley (5p) Int	0.17	0.17	0.17	0.17	0.17
RT Investments (25p) Int	0.375	0.375	0.375	0.375	0.375
Refrigeration (10p) Int	0.15	0.15	0.15	0.15	0.15
Newbold & Burton (25p) Int	1.43	1.43	1.43	1.43	1.43
Nigerian Elec (10p) Int	0.82	0.82	0.82	0.82	0.82
Nolton (25p) Int	0.27	0.27	0.27	0.27	0.27
River Plate & Gen (25p) Int	1.5	1.5	1.5	1.5	1.5
River Plate & Gen (25p) Int	1.5	1.5	1.5	1.5	1.5
Telephones & Gen (25p) Int	0.42	0.42	0.42	0.42	0.42
Wm Whitcomb (25p) Int	1.5	1.5	1.5	1.5	1.5
S. W. Wood (20p) Int	1.5	1.5	1.5	1.5	1.5

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.54.

Briefly

ECGD-USSR LOAN

Export Credits Guarantee Department has guaranteed a £40.5m loan which Williams & Glyn's Bank arranged with Bank for Foreign Trade of USSR. Loan will help to finance contract to Constructors John Brown for high-density polyethylene plant at Kazan. Finance for loan was made available by W. & G. and National Westminster.

RIVER PLATE & GENERAL
Gross revenue for 1976 up from £47,000 to £72,000. Earnings (after tax) rose from £35,000 to £40,000. Second interim dividend of 1.54p and will recommend final of 5.77p, gross, against 5.59p, making 10.39p (7.59p).

WYMAN INVESTMENT
Earnings (after tax) of Wyman Investment rose from £20,000 to £21.5m in nine months to January 31. Earnings a share up from 1.06p to 1.45p.

BRITISH-BORNEO
Consolidated Gold Fields' offer for British-Borneo Petroleum Syndicate accepted for 366,412 shares, which with the 1.14m shares already held, represents 59.55 per cent of BBRs.

TEMPLE BAR INV
Gross revenue for 1976 up from £647,000 to £728,000. Earnings (after tax) rose from £35,000 to £40,000. Second interim dividend of 1.54p and will recommend final of 5.77p, gross, against 5.59p, making 10.39p (7.59p).

RIVER & MERCANTILE
Gross revenue of River and Mercantile for 1976 up from £1.6m to £1.79m. Gross payment goes from 5.61p to 10.78p.

RT INVESTMENTS
Pre-tax revenue for 1976 up from £132,000 to £157,000. Gross payment rises from 4.61p to 5.77p.

GRIMSBY HOLDINGS
Sales for six months to October 31, £1.4m, against previous year's £1.2m. Net profit, £100,000, against a loss of £17,000 after interest of £89,000 (£123,000). Board reports that a comparison is "rather misleading" thanks to various closures.

E. J. BALDWIN
Turnover for half-year to October 31 up from £725,000 to £764,000. Pre-tax profits up from £53,000 to £59,000.

MK dispenses a cool £2m: more on way

Last summer's heat and cooling drinks did more for MK Refrigeration than even optimists expected.

Months ago this maker of beer dispensing and cooling plant besides commercial refrigerators and air conditioning seemed poised to hold pre-tax profits from £1.36m to at least £1.8m in the year to October 30.

In fact the tally was a cool £2m. At half-time profits had risen from £436,000 to £750,000. Sales rose by nearly 28 per cent to £12.46m but profits grew faster by nearly 43 per cent.

All this reflected more than last year's summer. MK has finished a cost cutting programme. One aspect was the closing of a Gaskell & Chambers factory and raising output at the other.

Demand is at a new record, and a new expansion programme is under way. Moreover, it is thought that MK already has enough work on hand for this year to equal last year's record profit.

The scope, then, to do much better is huge. A final dividend of 1.36p net takes the total from 2.51p net to 2.72p, or 4.15p gross. The board would have paid out a lot more but for dividend curbs.

Brierley wants more Corn Ex.
The Corn Exchange has been told by Mr R. A. Brierley, chairman of Brierley Investments, a company incorporated in New Zealand, that he has started talks to buy 341,200 (12.3 per cent) Corn Exchange shares. This is the stake now held by Brandts Second Nominees.

If this deal goes through, Brierley and its associated companies would hold just under 20 per cent of the Corn Exchange equity. Brierley "has not indicated at this stage whether or not he plans a bid for the company" but the shares rose 6p to 134p on the news. A further announcement "will be made if the board receives further relevant information."

Newbold & Burton up to the occasion

The directors of Newbold and Burton Holdings expected good 1976 results. And they got them. Pre-tax profits were a record. They soared from £207,000 to £303,000 on sales up from £5.4m to £6.51m.

Raising the gross payment

Business appointments

Chairman of Eastern Gas

Mr Ralph Stead is to be the new chairman of Eastern Gas from 1st March. He succeeds Mr John Gadd, who becomes chairman of North Thames Gas.

Mr R. W. Fordham will become chairman and managing director of the rod district Delta Metal on April 1. This follows the recent appointment of the present chairman, Mr T. R. M. Clancy, as managing director of Delta Metal group. Mr Ian Watson is to be chairman of Delta's rod companies at West Bromwich, Wolverhampton, Greenfield, Alderley Street and Ipswich. He will remain divisional technical director but give up his chairman-ship of Delta Metal Castings. Mr Trevor Allen will become chairman of Delta Metal Castings in addition to being chairman of Delta Tubes.

from 3.5p to 3.85p, the board reports that order books at the start of 1977 were "satisfactory" and there are grounds for reasonable optimism. Newbold makes ladies' footwear.

Sunley recovers but no bid

The shares in Bernard Sunley Investment Trust fell yesterday not because the group is doing badly, but because there was no sign of Eagle Star renewing its 1973 bid or making a new one (there was a Monopolies Commission reference at the time), or indeed comment on Mr David Jessel succeeding Mr Bill Shanks as group chairman.

The trading news, however, is good. The corner has at last been turned after two years in the red. In the half-year to September 30 the group made pre-tax profits of £585,000 against losses of £1.26m for the first half of the year before, and a loss of £489,000 for the whole of that year.

Sir Brian Mountain, chairman, says that the half-year to March 31 next should show pre-tax profits "not less than the first half". Rates recovered in the current year will probably reach £5.4m, against £4.8m, but the interim payment is 2.54p gross again.

Net property income went up from £1.52m to £1.61m. Trading profits (before interest) were £978,000, compared with losses last time of £156,000.

Fatter margins at Garford-Lilley

A small fall in turnover from £1.66m to £1.53m in the half-year to September 30 did not stop the pre-tax profits of Garford-Lilley Industries from rising from £116,000 to £135,000. Moreover, the board hopes that the full year's profits will continue to rise. The group's recent years. But the gross interim dividend is 0.27p again. Garford-Lilley is in engineering, plastic extrusion and moulding besides woodworking. Pre-tax profits in 1975-76 were a record £278,000.

Racal-ADD extension

Agreement to extend their offer for Milgo Electronic Corporation have been made by Racal Electronics of Britain and the American group Applied Digital Data Systems. The offer is extended to next Tuesday to allow for further talks on the eventual ownership and control of Milgo and other outstanding matters.

Lon Shop sells shares in Beaumont Props

On Feb 16, London Shop Property Trust sold 1.4m ordinary shares (79.3 per cent) in Beaumont Properties, worth £510,000 at yesterday's sale of 65p, up 1p. London Shop is keeping the other 1m ordinary

Greenall goes on with 30p bid for Stanneylands

Undaunted by Associated Leisure's refusal to cooperate, brewer Greenall Whitley, the Viadrava vodka group, is going ahead with an offer of 30p cash for Stanneylands, the Manchester-based hotels and restaurants group. Last week when it first proposed to make an offer, Greenall said that it depended on Associated with 25 per cent of Stanneylands, withdrawing from the scene or accepting Greenall's offer.

Associated decided instead to proceed with its own agreed 25p cash bid. Meanwhile, late last night a spokesman for Associated claims that another irrevocable acceptance of its offer, from a former Stanneylands director holding almost 4 per cent, gives his group just over 54 per cent of Stanneylands equity.

Euroman time limit on Furness sta

By Desmond Quigley
Euromanian Shipholdings is to reduce its holding in Furness Withy, the British shipping group, to not more than 10 per cent in the next three years. Mr Hattersley, Secretary of State for Prices and Consumer Protection, announced this yesterday. Euromanian has undertaken neither to increase its holdings in Furness Withy and FW's subsidiary Manchester Liners, nor to exercise more than 10 per cent of the voting rights in FW. Last year Euromanian's holding in FW was just over 10 per cent.

Allied Breweries make handsome start

Having turned in pre-tax profits up from £60.2m to £63m for the year to September 5, Allied Breweries now reports a good start to 1976-77. Mr Keith Showering, chairman, told the annual meeting that the group is budgeting for a "worthwhile" increase for the full year.

BAT Industries' philosophy and Bullock report

While shareholders of BAT Industries will be given an indication of prospects for the coming year at the annual meeting in March, the new chairman, has introduced a statement of the group's business philosophy into the group accounts. In its submission to the Bullock Committee, the board saw the main need to be participation in day-to-day issues affecting employees' own work. Legislation should be supportive and not prescriptive, and representations should not be limited to trade union members. Also, companies with big overseas interests should be excluded from legislation requiring compulsory United Kingdom employee representation on the board.

Lon Shop sells shares in Beaumont Props

On Feb 16, London Shop Property Trust sold 1.4m ordinary shares (79.3 per cent) in Beaumont Properties, worth £510,000 at yesterday's sale of 65p, up 1p. London Shop is keeping the other 1m ordinary

Whittingham thinks housing slump over

By Richard Allen
William Whittingham, the long-suffering Wolverhampton house-builder, has dragged himself back into the black at last.

The group whose land-buying spree in the last housing boom nearly brought disaster has turned a £32,000 first half loss into a pre-tax profit of £492,000 in the year to October 31.

Turnover went up 26 per cent at £13.3m, but much more important was the absence of transfers to reserve—£1.4m last year—to compensate for reductions in land values.

Last year's loss was £915,000 and the previous year's deficit amounted to £70,500.

Celebrating the recovery with a return to the dividend lists—the gross payment is 0.65p—the group is confident that the housebuilding recession is over. Meanwhile it has cut debt from around £8m to nearer £6.5m.

Further land write-downs in one subsidiary resulted in an

£87,000 loss from as but the group's own ment and construction clipped in a £1.4m investment income at to £413,000. The slimmed photographic interests £71,000 against £157,0 year.

Whittingham expects things on all fronts current year; and the which added 4p to 200 ahead of the results another couple of pence day.

H. Vassour, which its 20 per cent holding group down to 12½p a share when Whittingham into heavy going has showed no signs of sell

After tax of £252,000 the previous year's credit, and the absence further below the line p after the previous year's deficit, attributable amounted to £294,000. T attributable loss amount £978,000.

Only share swings give clue to Ultra suitor

Ultra Electronics Holdings said last night that it had received a possible bid approach after its shares had performed erratically on the Stock Exchange all day.

They opened at 75p and at one stage reached 105p before falling to close at 84p. Over the last year the shares had traded between a high of 77p and a low of 37p.

The Ultra announcement said the company "has received an approach which may lead to an offer being made for the whole of the issued share capital of the company."

However, a spokesman said that no verbal or written communication had been made but the company had made its announcement on the basis of the erratic movement of the share price. Ultra has no idea of who

is behind the trading

share. After losses in the years from 1969 to 1975 group has been recovering the year to March 21, tax profits rose to £903.3 £554,903, and in the first half of the current year profits were £524,064.

Ultra has a small issue capital of four million and at yesterday's close was capitalised at £2,000,000. According to the last report there were no 1 accounting for more 1 per cent of the equity.

Among activities are construction of "Sonob" anti-submarine detector; are supplied to the of Defence—and electro for aircraft and bins.

New Causton block seen as just an investment

A 26 per cent stake in loss-making printing group, Sir Joseph Causton & Sons, has been sold to Mr Christopher Bland, former managing director of Beyer Peacock.

Causton, who added 3p to 8p yesterday on news of the sale by Smith St Aubyn, the discount broker, whose stake in Causton has been reduced to 30 per cent as a result of the transaction.

The value of the deal has not been specified, but Causton, responsible for printing the Stock Exchange daily official list, has a market capitalisation of just under £700,000.

Mr Bland, who left Beyer after it was taken over by Saudi Arabian interests last year, is deputy chairman of Independent Broadcasting Authority. He said yesterday that he

had no plans to further shares in Causton was "perfectly happy" position. He added: "It is an interesting one which represents a good stood at over £3m last year, made losses of £1m in 1976 and has pre-further "small loss" current year. The St change Council is review presentation of its a mising contract for the Conchmans subsidiary.

Smith St Aubyn came original 57 per cent Causton when it went rescue of secondary bank castle Securities, in a spokesman for Smith's night there were no im plans for the remaining cent stake.

Euroman time limit on Furness sta

of Euromanian's undertaking is a compromise with one of the recommendations of a report by the Monopolies Commission, published last October, that the stake should be reduced within two years. Acting on the recommendations of the Commission Mr Hattersley ruled that a merger between the Berwick-based Euromanian and FW would be against the public interest.

Yesterday, Mr Geoffrey Murrant, deputy chairman of FW, said: "It is another year of uncertainty."

Mr Murrant said the group had not been told how Euromanian intended to reduce its

Euromanian was formed in 1968 by two Canadian, Frank Narry and Mr Webster. In September capital employed was which 75 per cent the investments in FW Chester Liners.

The Monopolies Commission report of one of the building up of Canadian's stake.

It found that the FW had been misled as to the holding of Euromanian, because Hambros had to sell a crucial 8.2 p of the equity to Euromanian but only conditionally.

Williams & Glyn's

announces that the following rates will apply from and including Friday 18th February

Base rate..... 11½% p.a.
Deposit rate..... 8% p.a.
Savings account 8% p.a.

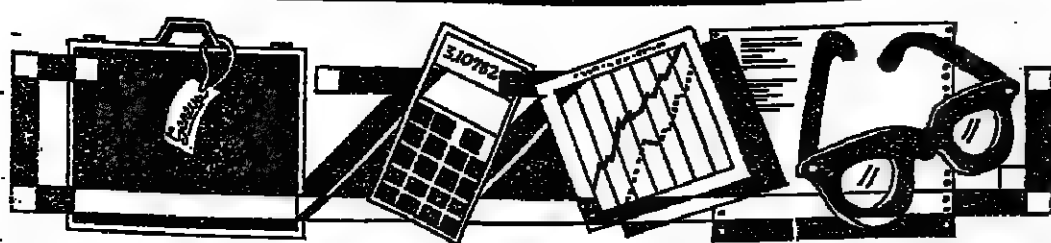
WILLIAMS & GYLN'S BANK LTD

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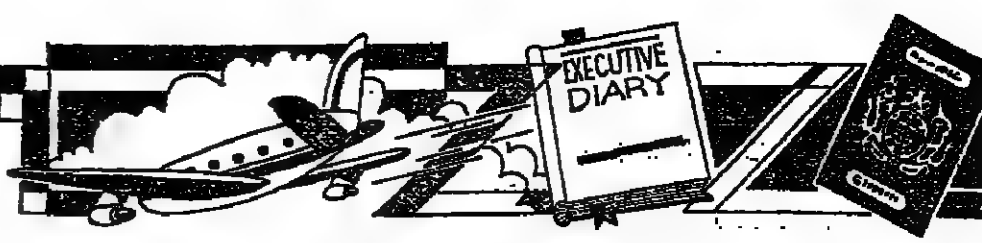
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£6,000 plus appointments



SECRETARY

CENTRAL AFRICAN POWER CORPORATION ASSISTANT ENGINEER

Research and Development

Eqvivalent to approximately £7,881 to £9,755 per annum

The Corporation, a statutory authority established jointly for Zambia and Rhodesia, owns and operates Kariba South hydro-electric power station and a transmission system centred on Kariba comprising 2,700 km of 330kV transmission line and 12 major substations, and has the above vacancy in the Electrochemical Department, Salisbury.

The duties will include modifications for improving existing equipment and the design of new systems in the fields of power line carrier communications, power system protection, telecontrol and test equipment. Considerable knowledge of electronic and electrical techniques is therefore required with particular emphasis on modern digital electronics.

The minimum qualifications required for the post are those which lead to corporate membership of the IEE (or of the Rhodesia) or an appropriate professional engineering qualification. Preference will be given to candidates who can produce evidence of previous similar work and have experience of both light and heavy current electrical engineering.

The Corporation offers the following non-contributory benefits: membership of Medical Aid Scheme, holiday grant, life and accident cover and Provident Fund providing a lump sum payment of 12½% of aggregate basic salary on leaving the Corporation, after 3 years' service rising to 25% after 15 years. Conditions also include 40 working days leave per annum, and travelling expenses and generous allowance for transportation of effects on joining the Corporation.

Applications, which should include full details of education, qualifications, experience, age and marital status, should be addressed to:

The Administrative Officer

CENTRAL AFRICAN POWER CORPORATION

PO BOX 233, LUSAKA, ZAMBIA

The British Government warns UK nationals who take up employment in Rhodesia that: (a) the regime in Rhodesia is an illegal and repressive one; (b) the regime in Rhodesia is an illegal and repressive one; (c) the regime in Rhodesia is an illegal and repressive one.

Solicitor or Barrister for Paris INTERNATIONAL OIL COMPANY REQUIRES

English barrister or solicitor for its legal department in Paris.
AGE: 28-45.
Good university degree and law school passes.
Correct French, written and spoken at working level.
EXPERIENCE: Not less than four years' practice in at least three of the following aspects of oil industrial legal matters:
Exploration/production, distribution.
Transport by pipelines or tankers.
Drilling, engineering, pipelaying and other contracts.
Crude and product sales.
Participation agreements, joint venture, production sharing/contracts and inter-company agreements.
Financial agreements: those experienced in these will receive preference.
Good remuneration by arrangement, generous fringe benefits and pension.
Only applicants giving availability and full information as above, and present post will be considered.
Applications will be treated in strict confidence; no approach will be made to employer without applicant's consent.

BOX 0511 J, THE TIMES

GOVERNMENT OF KUWAIT THE NATIONAL HOUSING AUTHORITY

Invite applications for

PROJECT MANAGERS AND QUANTITY SURVEYORS

PROJECT MANAGERS:
Qualified Civil Engineers having a minimum of 15 years experience. The Project Managers will be responsible for directing all site supervisory staff on project 2,000 to 3,000 dwelling units plus all infrastructure and community facilities. Pre experience should be in housing, preferably in land extensive, suburban type work such as new town development. They should be completely familiar with all construction management techniques in the areas of scheduling, quality control, and cost control and have demonstrated capability in leading a multi-disciplinary site staff.

QUANTITY SURVEYORS:
Qualified Quantity Surveyors having a minimum of 10 years of experience responsible to the Project Managers.
Terms of employment would include a 3 year contract and salary and allowances commensurate with experience.

Applicants will be interviewed in the U.K.

Please send your written applications together with curriculum vitae to:
DAR AL-ANDASAH CONSULTANTS,
(SHAIR & PARTNERS)
91 NEW CAVENDISH STREET WIM 776

SULTANATE OF OMAN ENGINEERING VACANCIES

A Government Department requires to appoint Engineering Staff. Applications are invited for the following positions:-

WORKSHOP ENGINEER

able to assume full responsibility for all functions of workshop engineering. Undertake all mechanical and electrical repairs in connection with extensive property maintenance, mechanical and electrical services, domestic equipment, TV and Radio, generators, etc.

MECHANICAL ENGINEERS

With extensive maintenance experience, ability to control staff engaged on wide variety of work in residential areas and involving repairs to property, A/C central plants, domestic equipment, mechanical services, generators, etc. Preferably with some electronic experience.

ELECTRICAL ENGINEERS

With extensive maintenance experience, able to control staff engaged on all electrical services to residential areas and involving A/C central plants, domestic equipment, generators, etc. Preferably with some electronic experience.

SENIOR ENGINEER

Preferably with both electrical and mechanical experience. Ideally in connection with all the services provided to a small township and including maintenance of all electrical and mechanical services, sewage treatment plant, water supply, domestic equipment, A/C central plants, generators, etc.

SENIOR ENGINEER

Preferably with both electrical and mechanical experience and maintenance background to undertake responsibility for the control of all mechanical and electrical services in connection with small but important airport and adjacent residential complex. Some electronic experience an advantage.

A/C ENGINEER

With maintenance experience on all types of air conditioning equipment including domestic and package units, chilled water plants, refrigeration, etc. Indispensable service. Attractive tax free salaries. Generous leave. Free bachelor accommodation, medical treatment and air passages. Two-year contracts.

Full details of education, training, professional qualifications, experience and age should be sent to:

Charles Kendall & Partners Ltd.

7 Albert Court, London SW7 2BT

Envelopes must be marked "REF 77/RA/2" and letters should state which vacancy is applied for. Interviews will be held in London.

FINANCIAL DIRECTOR (designate)/ COMPANY SECRETARY

CONSUMER AND VIDEO HOLDINGS LIMITED, a member of the Pensions Holdings Group, are seeking two exceptional individuals to join their team. The first is a Financial Director (designate) to be responsible for the complete financial function of the company. As part of the top management team, he will be expected to contribute to the strategic planning of the company and to the development of the financial function of the company. The second is a Company Secretary to be responsible for the company's statutory and regulatory affairs. He will be expected to ensure that the company complies with all relevant legislation and to act as a liaison between the company and the authorities. Both positions require a high level of professional competence and experience. Applications should be sent to:

GROUP FINANCIAL CONTROLLER,
CONSUMER & VIDEO HOLDINGS LIMITED,
16 THE BROADWAY,
STANMORE, MIDDLESEX HA7 4DW.

Qualified Accountant £9,000 p.a.

EMI are looking for a Qualified Accountant to take up the post of Financial Controller of its project for a new headquarters being erected at Tottenham Court Road.

The successful applicant will be based at Great Russell Street, London, W.C.1 and will report to the Project Director, but with functional responsibility to the Group Treasurer.

Current experience of cost control, preferably with a leading firm of building contractors, together with the ability to work with a professional team of architects, quantity surveyors and others is essential.

A high degree of self-motivation will be required, together with the ability to analyse and report clearly and concisely.

Salary will be around £9,000 per annum, and the duration of the appointment is anticipated to be five years. The post will provide opportunities for further development within the Group.

Please apply in writing to:
E.P. Cowell,
Project Director, EMI Limited,
104, Great Russell Street,
London WC1B 3LF.

All replies will be treated in strict confidence.

International leaders in music, electronics and leisure.

EXPORT MANAGER

Salary c. £6,000 plus car Location: Northampton

The job involves the marketing of branded products allied to the Shoe Trade in the EEC and Scandinavian countries. The distribution pattern for the products is through Supermarkets, Shoe Stores, Departmental Stores and Druggists.

The principal requirements are:-
1. Ability to control, co-ordinate and direct the activities of a network of Agents.
2. Assist in the formulation of marketing policy and strategy for each market.
3. Possess good commercial knowledge and ability to negotiate.

4. Ability to speak German and French highly desirable though not essential.
5. Experience of export selling.

The successful applicant must be prepared to spend a considerable amount of time abroad operating in the markets. Desired age 23/38. The position offers excellent opportunity for advancement.

This vacancy is open to Male and Female.
Reply to Box 0270 J, The Times.

CHIEF EDUCATION OFFICER £13,302-£14,184

The City of Birmingham has a population of over one million and includes a unique variety of industry and commerce within its boundaries.

The Chief Education Officer is responsible to the Education Committee who control the education service, providing some 520 primary, secondary and special schools, with a roll of about 220,000, the City of Birmingham Polytechnic and nine other colleges. The education service employs some 33,000 people (including teachers).

The vacancy is created by the retirement on 30th June 1977 of Mr. K. Brooksbank, D.S.C., M.A., M.Ed.

Telephone 021-235 3748 for application form (to be returned by 8th March 1977) and copy of further particulars; or write to:

City Personnel Officer, Personnel Department,
Snow Hill House, 1 & 19 Warwick Street,
Birmingham B3 2PP.

Conversing will be disqualify.

BIRMINGHAM CITY COUNCIL

RETAILING MANAGEMENT

Go-ahead publishing house with little knowledge of retailing wishes to meet young (or relatively young) person with retailing experience in all areas of retailing and general management potential. Object: a great future for both of us.

We have a range of books, magazines and large format paperbacks—basically on leisure topics—to form the nucleus of a new retailing operation.

The person we seek is perhaps languishing at present in a job where his or her talents are constrained by orthodoxy or where the possibilities of promotion are limited. We doubt if that person is currently earning less than £5,000 per annum. We even doubt that such a person exists but, if they do, they will be given:

- (1) An initial one year contract on an excellent salary.
- (2) The immediate responsibility for a small new shop in the West End.
- (3) Very wide scope to put their own ideas into action and prove to us that we should be in a big way.

Are you the one waiting for—perhaps—the change of a lifetime? Write, with brief details of yourself and career to date, to:

PETER COX

MARSHALL CAVENTISH LTD.

58 Old Compton Street, London, W.1

All applications will be acknowledged

MARKBYS COMMERCIAL CONVEYANCER

Markbys have a vacancy for an experienced conveyancer capable of handling all types of commercial conveyancing work. Salary commensurate with the responsibility and work involved.

TELEPHONE ROY SWEASEY ON 01-638 4090
OR WRITE TO MOOR HOUSE, LONDON WALL, EC2

CALOUSTE GULBENKIAN FOUNDATION

U.K. & Commonwealth Branch

Assistant Director (Arts)

Applications are invited for the post of Assistant Director (Arts) of the Foundation's London Secretariat. The successful candidate will be responsible for the day-to-day running of the Secretariat and will act as a liaison between the Foundation and the arts community in the U.K. and Commonwealth. The post involves a high level of responsibility and requires a person with a high level of professional competence and experience in the arts and in the management of a secretariat. Applications should be sent to:

SECRETARY,
CALOUSTE GULBENKIAN FOUNDATION,
100, Queen's Gate, London, W.2.

Applications should be sent to the Secretary by 18th March 1977.

Details may be obtained from the Secretary on request.

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UNIVERSITY APPOINTMENTS

University of Wales

APPLIED ECONOMICS LECTURER (Micro-Economics)

Lecturer Scale: £3,332-£5,655

UNIVERSITY APPOINTMENTS

University of Bath

ACCOMMODATION MANAGER

Applications are invited for the post of Accommodation Manager. The successful candidate will be responsible for the day-to-day running of the accommodation service and will act as a liaison between the university and the accommodation providers. The post involves a high level of responsibility and requires a person with a high level of professional competence and experience in the management of accommodation. Applications should be sent to:

PERSONNEL OFFICER,
UNIVERSITY OF BATH,
CLAVERTON, BATH, BA2 9AT.

Applications should be sent to the Personnel Officer by 18th March 1977.

Details may be obtained from the Personnel Officer on request.

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Details may be obtained from the Personnel Officer on request.

Secretarial and Non-Secretarial also on page 25

NON-SECRETARIAL

BOOK SELLING

We have a vacancy for someone to sell books in the home. The successful candidate will be responsible for the day-to-day running of the book selling service and will act as a liaison between the company and the book buyers. The post involves a high level of responsibility and requires a person with a high level of professional competence and experience in the management of a book selling service. Applications should be sent to:

PERSONNEL OFFICER,
BOOKSELLING SERVICE,
100, Queen's Gate, London, W.2.

Applications should be sent to the Personnel Officer by 18th March 1977.

Details may be obtained from the Personnel Officer on request.

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Details may be obtained from the Personnel Officer on request.

NON-SECRETARIAL

CLERK/TYPIST

To assist commercial coordinator with financial shipping and accounting matters, etc. in WGL. Accuracy is important and good telephone manner necessary.

Salary in excess of £2,400. Please telephone initially to discuss and arrange interview.

Banking in the Middle East

Still not out of the woods

Blake

financial system as extraordinary as the difficulties with the difficulty of the huge payments surplus producing deficit and debt. It is still not out of the woods. The change in the share-out of the surplus, which in the immediate aftermath of the oil price rise belonged in part to a wide range of countries. Rising imports in almost all the countries which have large populations mean that the number of nations which have substantial surplus funds has fallen. Only the states of the Gulf, and most notably Saudi Arabia and Kuwait, have emerged as consistent surplus producers.

The difficulty of handling these surpluses has fallen largely on the commercial sector. Attempts have been made to set up far greater official systems of support to channel funds from the surplus countries to those nations in deficit, but they have been short lived, have handled only small amounts of money or have failed to get started.

The first effort was the International Monetary Fund's special oil facility, which was set up shortly after the oil crisis and which channelled about £5,000m to 40 countries, including Britain. The oil facility was brought to an end last March. This facility was always seen as a temporary arrangement, providing countries in difficulties with a sort of bridging finance.

As far as official support was concerned, this was a bridge which ended in empty space. For although the IMF is introducing slightly more generous borrowing limits for its members (the quotas as they are technically called) the scale of the increase is small compared to their needs. Nor has that gap been made up by multilateral action in any of the regional groupings either of the industrial or developing worlds.

Both the European Community and the much wider-based Organisation for Economic Cooperation and Development have tried to set up schemes to help members in trouble to get access to the large quantities of surplus funds which the oil producers have received. The EEC was given authority by

its members to raise up to \$3,000m, either through the international capital markets or through direct borrowing from oil-producing countries. So far it has borrowed only \$1,300m, and there seems to be a striking lack of interest on the part of most EEC members to test the Com-

munity's fund-raising much further. A much more ambitious scheme was conceived by the OECD, which proposed to set up a \$25,000m safety net to bail out countries facing financial crisis. This scheme was enthusiastically pushed by the United States Govern-

ment in 1975, but Congress has so far refused to approve the scheme. For the industrialized nations, the failure of these multilateral schemes has on the whole been of only limited importance. There has been a willingness by some of the richer coun-

tries, notably West Germany and the United States, to provide direct bilateral assistance, as with the \$2,000m loan which the Germans provided to Italy against the security of some of that country's gold reserves. Since any recycling

scheme within the West would in any case have to rely on these strong nations for funds, the impact has not been that great. But for the non-oil developing countries, the problems have been much more severe. They have no access to preferential treatment from gov-

ernments in the industrialized West, and little chance of borrowing large sums from any international institutions. Borrowing rights from the IMF are determined by how large a quota a country has, which means that the countries with the highest borrowing rights are the countries which are large industrial nations.

Because of this, the role which official sources play in the financing of the countries' deficits has declined dramatically in recent years. In 1971-73 official sources provided two thirds of the financing requirements of developing countries; now the proportion is little more than a half. In 1974, total Opec investment in the United States accounted for \$12,000m of the total surplus of \$55,000m. Little of this went into shares or other long-term investment. The Opec countries were still unsure about how to deal with their new-found wealth and were unwilling to tie it up in investments where too much depended on the skills of a management which they could not control. Instead, they placed funds in bank deposits and in Treasury bills, which together accounted for \$9,300m.

These two forms of investment provided almost total liquidity with great security, as did the even larger Euro-currency markets, which received \$22,700m. But during the course of the year there were increasing difficulties in the Euro-markets. The well-publicized failure of a German private bank, Herstatt, drew attention to the fact that even banks could go broke.

This tended to make Opec fund-holders concentrate their attention on a few really big banks which were thought to be above reproach. But the more this happened, the more reluctant these banks became to take too big a share of the oil funds in the Euro-market for fear that the banks would find themselves taking in short-term funds and giving out long-term loans, a certain recipe for disaster. Because of this, there was a sharp drop in the proportion of funds being fed into the Euro-markets in 1975, down from about 40 per cent of the total to less than 30 per cent. Since the total

surplus declined to \$31,700m, the drop in the sum invested was even more remarkable, down to \$9,100m. But this fall was less striking than the turnaround in the position of Britain, which desperately sought Opec funds in 1974 and was successful in attracting them. In 1974 the financial skill of the City was able to attract \$7,200m, which was heavily invested in government securities, with some investment in equities and property receiving a disproportionate amount of publicity.

That inflow almost stopped in 1975, and by last year there was a heavy flow of funds out of London as the sterling crisis gathered strength. The success story of 1974 had become the sterling balance problem of 1976.

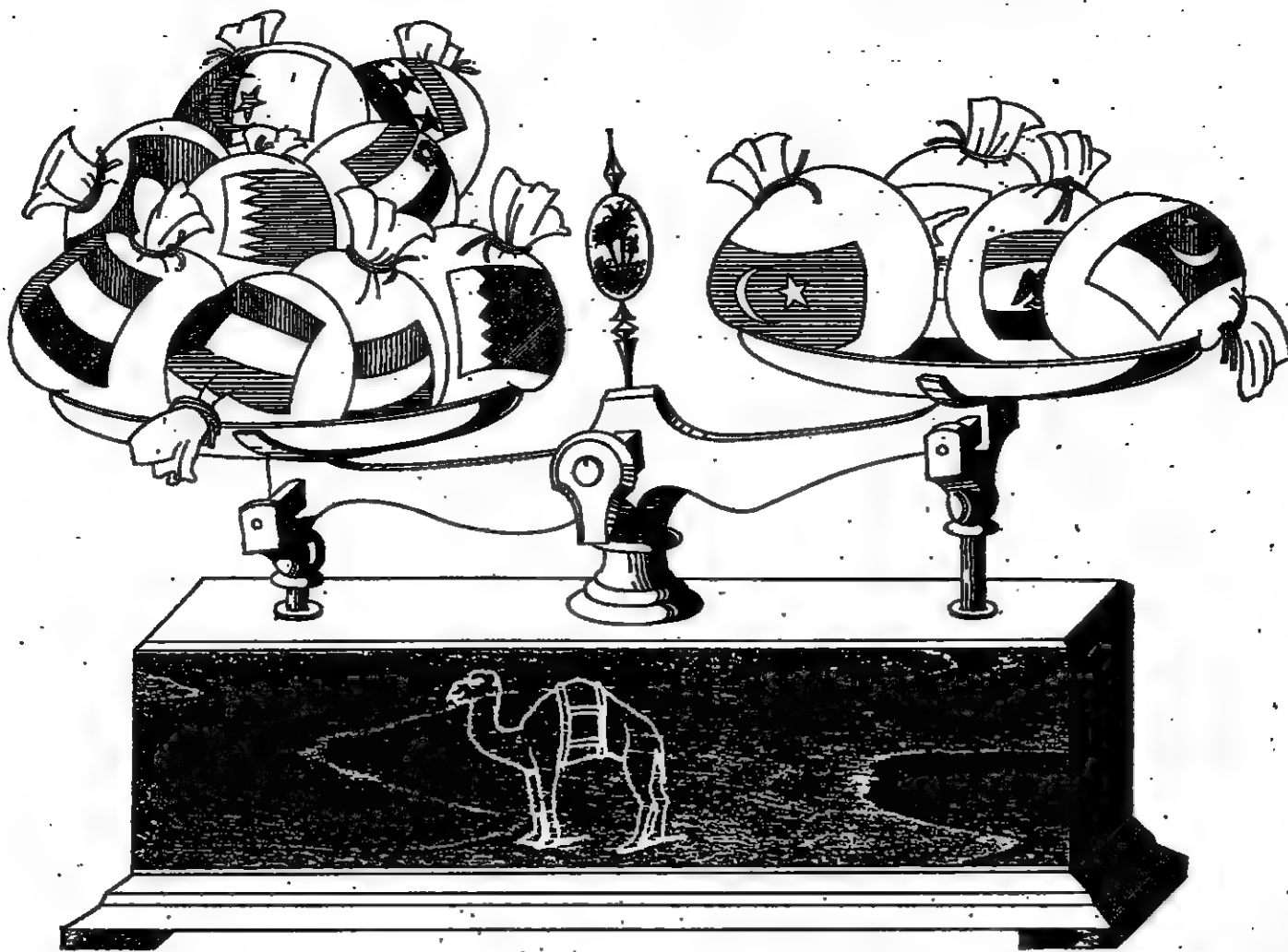
That money overwhelmingly flowed to the United States, which by the first half of 1977 was attracting 43 per cent of all the Opec area surplus, compared with 22 per cent in 1974. Developing countries, on the other hand, received only 17 per cent of the surplus, though this was a far better aid performance than the West had ever been able to manage.

This flow of funds into American capital markets, combined with the continuing borrowing needs of the developing world, has been the prime force pushing up commercial bank lending from \$9,000m in 1973 to an estimated \$21,000m in 1976. It seems certain that the banks will have to go on playing a large role in helping developing countries to cope with their payments deficits, which are running at an average of \$32,000m a year.

But it also seems inevitable that something will have to be done to make the official efforts for financing more effective. Both private banks and the Governor of the Bank of England are clearly thinking along these lines, and there is likely to be a stepping up of activity soon to give the official mechanisms more funds and more credibility. For the problem of recycling the Opec surplus, though not as acute as was once thought, is turning out to be long lasting.

The author is Economics Correspondent, The Times.

a Special Report on the money that flows from oil



Nigel Holmes

ON OTHER PAGES

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The British Bank of the Middle East

A Member of The Hongkong Bank Group

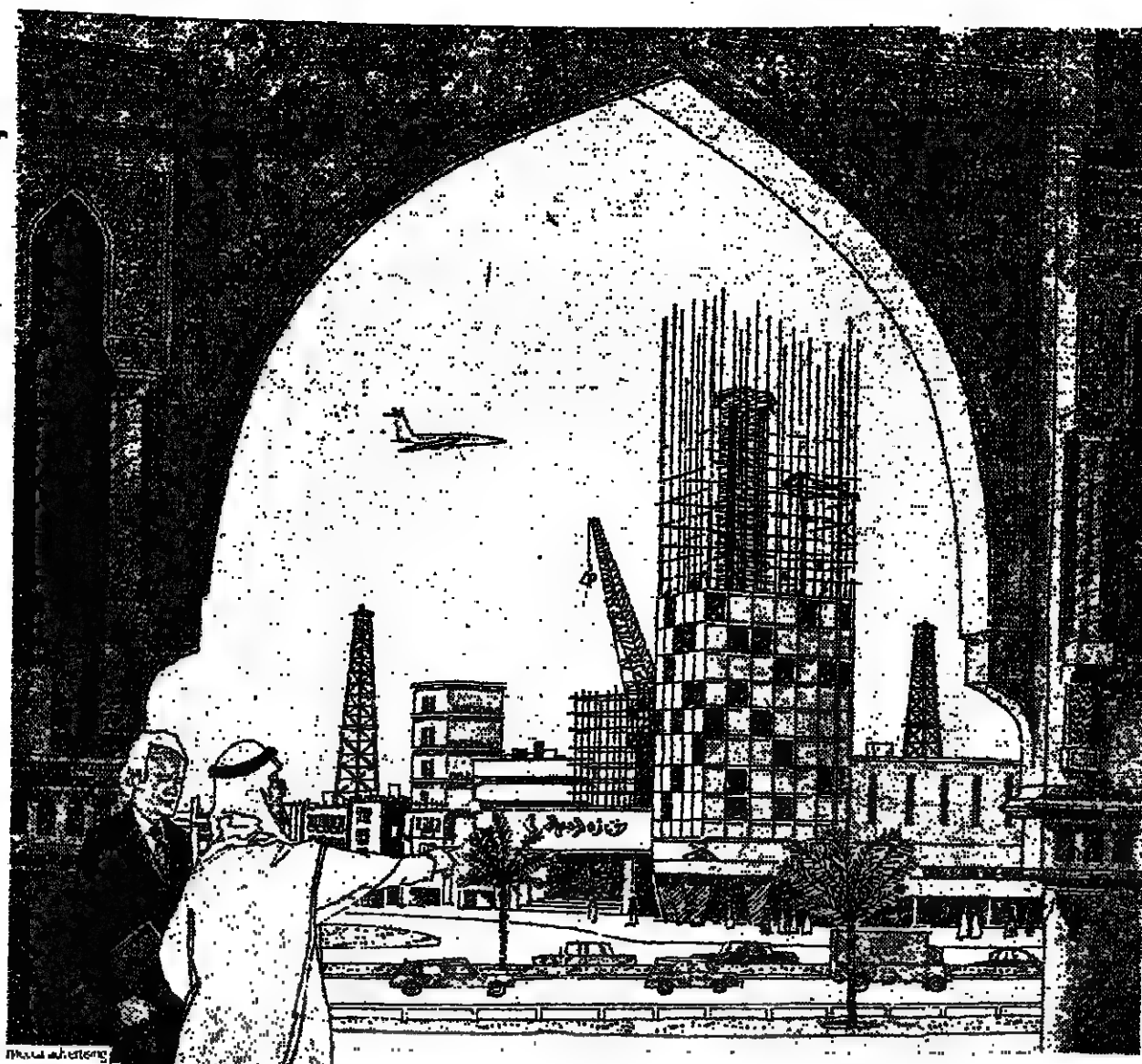
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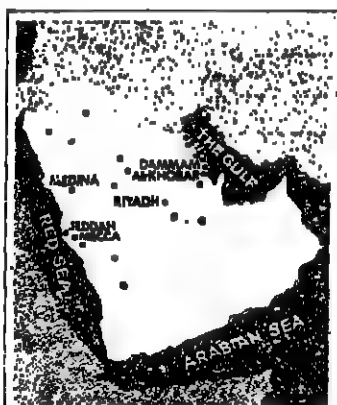


The Riyadh Bank.

Your ideal introduction to Saudi Arabia's growth economy.

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Increased imports erode surplus cash

by David Blake

By the end of this year, the Opec countries are likely to have foreign assets with a net value of more than \$150,000m. That figure is roughly half the total industrial assets of Britain, and it is increasing at a rate of about \$30,000m a year.

In the three and a half years since the oil price rise, the Opec countries have recorded a financial surplus of more than \$150,000m. Coping with the distribution of assets on this scale is a difficulty that any country would like to have, but it is a difficulty none the less.

After the first year of huge surplus in 1974, increased imports have eaten away at the financial positions of most Opec members. We are left with just the four producers on the Arabian Peninsula in the Gulf as large surplus earners.

The largest of them by far is Saudi Arabia, which by the end of this year is likely to have half of all Opec assets, with Kuwait being the other main surplus country. Qatar and the United Arab Emirates, although they have huge earnings per capita, are smaller.

A combination of necessities and a desire for security have dominated the investment policies of these three countries. Although the institutional framework within which they operate is rather different, there have been striking similarities in their investment patterns and in the change in the nature of their investments.

The immediate need in 1974 was to find some kind of home for the increased funds which became available to the surplus countries. Both Kuwait and Saudi Arabia were well placed to do this, since they had established financial arrangements to deal with the admittedly much smaller surpluses which they had recorded in the past.

At that time, much of the money earned by oil exporting countries in the Middle East was paid in sterling and thus automatically tended to be banked in London.

London had another attraction, as a place in which to do business. During the 1960s it had emerged as the unchallenged centre of the huge international capital market known as the Euro-markets, which began by dealing in dollars but which can now provide almost any currency.

During 1974, nearly three-quarters of all the Opec surplus was invested either in Britain or in the Euro-markets. There were more than institutional and historic choices behind this decision, for the two markets also met the prime requirement of the time. What the Opec countries wanted was somewhere to place funds which would be absolutely safe and liquid.

Reluctance to invest in equities

The British market provided something which both those characteristics in the form of British government debt, both short and long term. Since the Government at that time was running a substantial deficit, there was considerable willingness to see the Opec countries invest heavily in the British capital markets. Indeed, the Government at that time encouraged it actively as a way of postponing action to cut down Britain's current account deficit.

During 1974, \$7,200m was placed in Britain by the Opec countries, of which half went into government stock, \$1,700m was placed on deposit in London banks, \$1,200m was made available as loans to Britain, and only \$300m went into shares or property.

That unwillingness to invest heavily in the equity market reflected a number of important characteristics in the attitudes of the really big surplus nations within Opec. The first was a realization, which is commoner outside Britain than within it, that sensible investment in industrial corporations automatically leads to great involvement in questions about their running. Since the Opec countries lack the numbers of skilled managers who would be required to do that they tended to stick to straight loans which could be more easily watched.

The second reason was, to some extent at least, sensitivity about the attitudes in countries where investment was made. One or two large property purchases in London provoked considerable publicity and in Germany there was a clear backlash against the sale of stakes in German companies to Arab purchasers.

The Kuwaitis, who have always been aware of the potential for resentment very good foreign aid caused by the sight of huge riches in a few hands, seem to have been particularly cautious about this. They the kind which involved tend to limit their stake in companies to below the 10 per cent limit at which it must be declared under British law.

The mechanism for Kuwait investment in London has long been the Kuwait Investment Office, which channels funds essentially into Britain. But in recent years there has also been a growing role for three institutions in the Eurobond market, the Kuwait Investment Company, the Kuwait Foreign Trading and Contracting Company and the Kuwait International Investment Company. Government policy has been to encourage these institutions to underwrite Eurobond issues, which are then bought up by the Kuwait Finance Ministry.

This policy gives a seemingly greater role to indigenous Kuwaiti institutions than the system adopted by Saudi Arabia, which has always channelled most of its money through the London branches of two American banks, Morgan Guaranty and Chase Manhattan. From these two institutions it is passed either in to government stocks of some kind or on to deposit in other banks. Apart from Britain, the other great market for ready negotiable commercial paper is New York, and even during 1974 the American market took an even bigger share than did the British. But as time has gone on, this dominance has been dramatically reduced.

In 1974, the United States took 22 per cent of all Opec investment; in 1975 it was 32 per cent, and in the first half of 1976 it was 44 per cent. This increase occurred very largely at the expense of Britain, where there was actually a substantial net disinvestment in 1976 after a standstill in 1975.

Britain curbs role of sterling

The reasons behind the Opec countries' decision are easy to understand, since the value of sterling which they were holding fell dramatically during 1976 as the pound collapsed. Although there is no strong evidence to support the view that the rundown of sterling balances was the main cause of the pound's decline, the Government has now decided to try to arrange an orderly rundown of the sterling balances by selling foreign currency bonds if possible, or just by borrowing from other industrial central banks if it is not.

That action effectively closes off Britain as a recipient of official holders of sterling, and will tend to push the surplus countries more firmly into the Euro-currency and American markets.

Coupled with the geographical change that this implies is a change in the liquidity of the funds which are held. There has been in the past two years a pronounced shift into longer-term investments, substituting long and medium-term bonds for Treasury bills and bank deposits.

In part this is aimed at getting a better rate of interest. But it also reflects the fact that many banks became decidedly uneasy about having huge quantities of money on deposit in a form where it could easily be withdrawn, while the banks themselves had lent it for a significant period of time.

There have also been signs that some of the heavy surplus countries are investing on a big scale in property where there are few management problems. Apart from Libya and Iran, who are seeking technical assistance as much as a profitable investment, there have not, however, been many ventures into industrial equities. Purchases of Krupp and Fiat shares have been the highly publicized exceptions to the Opec investment pattern.

Raising the status of Opec money

The two most likely new trends in the future involve attempts to bring the Opec countries more into the official flow of funds through the world monetary system rather than relying on commercial banks to act as intermediaries.

One idea which is attracting much attention is that Saudi Arabia might be invited to accept some sort of status within the General Arrangements to Borrow set up by the Group of Ten industrial nations within the IMF. The GAB, which provided funds for Britain's IMF loan, is looking short of cash and there is a suggestion that Saudi Arabia might contribute.

The second suggestion is that the surplus countries ought to lend directly to industrial and developing nations which are in balance of payments difficulties. The really big surplus countries have already established very good foreign aid feeling that there will be more action of industrial and developing nations which are in balance of payment difficulties. The really big surplus countries have already established very good foreign aid feeling that there will be more action of industrial and developing nations which are in balance of payment difficulties.

Oil exporters emerge as important source of aid

by Rodney Wilson

One of the most remarkable developments in the past few years in foreign aid has been the emergence of alternative sources of finance outside the industrial countries. The Middle East oil-exporting states are the main suppliers of this new finance and collectively they represent more important aid donors than any single source within the western industrial world, apart from the United States.

In the aftermath of the recent recession, assistance from the West to less-developed countries has been accorded an even lower priority than before, as the industrial countries have struggled to put their own economies in order. As a consequence, aid disbursements are now below 0.5 per cent of gross national product in the case of most western nations, including Britain. That is less than half the target set by the committee under the late Lester Pearson which provided the most complete report on this whole question more than seven years ago.

In contrast aid disbursements from the oil surplus states account for up to 5 per cent of the total aid, an enormous proportion compared with the western figure.

It would be naive, however, to believe that the apparent generosity of the Middle East oil producers springs from primarily altruistic motives, or any genuine idealistic commitment to improving economic conditions in the Third World generally.

Solidarity between the peoples of the Arab oil-exporting countries and their poorer Arab neighbours, for instance, is minimal, and there are sharp conflicts of economic interest despite all the talk of closer cooperation, and even regional integration.

The large aid flows must instead be explained in political terms, as the history of the Kuwait Fund for Arab Economic Integration, the longest established aid agency in the Middle East, shows. The fund was set up in 1961 to win favour in Kuwait in the Arab world, and in particular to counter Iraqi territorial claims on its highly valuable oil deposits. That political objective was achieved at fairly modest cost through the fund, with Kuwait becoming a full member of the Arab League, recognized by everyone as a completely independent sovereign state.

All this does not stop the Kuwait fund from adopting proper techniques for project appraisal, or undermine the professional competence of the staff employed by the fund. Indeed it is important that projects backed by the fund should be successful, otherwise the recipient countries would merely find themselves in serious debt, which would be politically counter-productive.

Aid recipients soon become ungrateful towards donor states if projects do not work out, or the loans are used for purposes which bring little economic return, such as purchase of military equipment. Egypt's strained relations with the Soviet Union over the question of

its debts provide ample illustration of this.

No similar strains exist between Kuwait and Egypt, even though the Kuwait fund has channelled more finance into Egypt than any other single country. Loan repayments have gone smoothly, which is a tribute to the care the Kuwait fund officials took over project selection, in what is probably the most difficult country in the entire Middle East to implement successful schemes.

The Arab conflict with Israel is another factor explaining the growth in Arab aid flows. It generates two types of aid. First, there is assistance to the so-called front line states in the conflict, such as Egypt, Syria and Jordan.

An example of this was the \$1,000m pledged in 1975 by the governments of Saudi Arabia, Kuwait and Qatar for the establishment of an Egyptian armaments industry, although little has been heard of this since. Second, the conflict with Israel affects the pattern of development assistance with respect to non-Arab countries in the Third World.

No doubt subtle influences are at work

During the past two years there has been a growing amount of aid from the Arab oil-exporting countries to the nations of sub-Saharan Africa, in particular, and although the Arabs do not apply direct pressure on these states' voting intentions in the United Nations or elsewhere, there is no doubt that more subtle influences are at work.

Last year more than \$150m, representing 47 per cent of the total lending of the Kuwait fund, went to non-Arab states.

In addition to this lateral lending through the Kuwait fund, there are also multinational Arab institutions including the Arab Bank for Economic Development in Africa, with an authorized capital of \$140m, the Arab Fund for Africa, with capital resources of \$120m, and the more specialized Arab Fund for Technical Assistance in Africa.

A further motive for lending to the Third World by both Arab and non-Arab oil-exporting states is to alleviate some of the hardship caused by the petrol price rises of 1974, which hurt the developing countries much more than the economies of the industrialized West. The Shah of Iran has probably had this in mind, especially with his loans to Pakistan and Egypt. In the case of the latter most of the funds have gone to help schemes in the Suez Canal area in which Iran has admittedly a vested interest from the point of view of its own maritime trade.

The trade considerations also apply to the loans promised by the Shah to Turkey for road improvements in the eastern part of the country.

In addition to providing

project finance, Fund for Economic Social Development technical assistance most useful work been in drawing programme for development in the country has no rural potential other single country Arab world, an easily meet a la of the re import requires

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The author is a spe the economies of East at Durham Un

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Sign of confidence in the wake of tanks

Christopher

ad the Syrian tanks into Beirut and render to the troubled capital than the banks began to get business. For the anxious to put the on course again as is possible, the re- if the banks was a vote of confidence. move will once use the issue of Beirut. it is hoped a war behind it, ne its former role st important finan- re of the Middle

tainly the intention ebanese politicians ity should take up left off when con- ced the foreign community into at porary exile. Both lent and the Prime re former bankers made it clear that rd the restoration ions conducive to elthy banking as a iv.

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since found a reference on the e Lebanese to hold is with big inter- banks rather than sees as more politi- rable local banks. other banks so far opened in Beirut Manhattan Bank, America, Citibank, minion Bank and

Bank of Nova Scotia. But while the resumption of foreign banking operations at subsidiary branch or representative office level is already encouragingly advanced, the underlying question of Beirut's long-term future remains. Some banks which ran the whole of their Middle Eastern (and in one or two cases African) businesses from Beirut have moved their headquarters elsewhere.

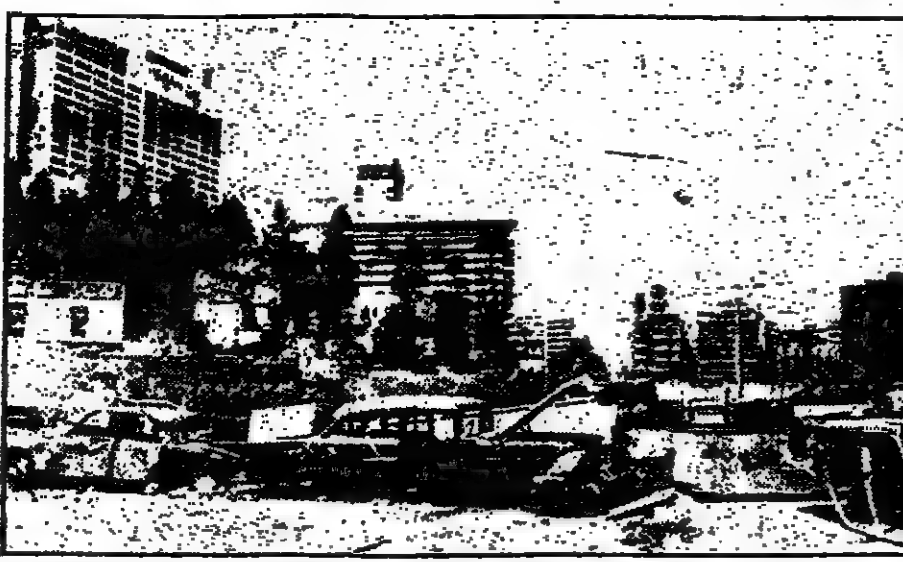
For some the move was only ever viewed as temporary. Those who chose Athens or Cairo seem unlikely to make either city a permanent alternative to Beirut since conditions are just not good enough. But others have seen their move in a more permanent light.

First Chicago, for instance, has moved its Middle East and Africa headquarters back to London. Inevitably this means longer, more tedious and more expensive air travel. But this disadvantage is matched by the benefits of more advanced telecommunications and all the trappings—the services of international lawyers and accountants and close proximity to the banks for example—that go along with London's position at the heart of the international banking markets. Air travel to Africa is, in any case, generally much easier from London than from Beirut.

Increasingly, international bankers are finding that it matters less and less for the conduct of their business where their bank is located because communications are so rapid and the worldwide markets have become so interlinked. Much of the money that formerly went into Beirut, for instance, flows with equal ease now into Switzerland, which, in turn, acts as an entrepôt, channeling the money on for investment elsewhere.

For those banks which, unlike First Chicago, do not have to worry about African operations, however, Beirut seems likely still to have a powerful pull. If the facilities necessary to international banking are made available again fairly quickly many could well move their regional offices back in, especially those which have hitherto been active in the Lebanese economy. The problem is that telephone, telex and accounting services are poor or non-existent and much will depend on how rapidly these can be supplied. A secure political solution may also be a prerequisite.

Otherwise, Lebanon will



Barricades in the hotel district of Beirut during the recently ended civil war. Right: devastation shows the extent of the reconstruction problem facing the former business capital of the Middle East.

continue to retain those advantages which made it the financial centre of the Middle East in the past. Its geography and its climate ever it was. But it is surrounded by an ever-growing number of inter-connected satellites, each playing an important role in servicing its own region.

In this way the traditional intermediating function of banks is being extended so as to cope successfully with the task of channelling vast new financial surpluses to wherever they may be needed around the world. Inevitably the oil price revolution has meant that this process has focused primarily upon the Middle East, and even a revived Beirut will find itself only one among a chain of important financial centres.

Bahrain, perhaps, has taken this process the farthest, although the style of operation is not really comparable to that of Beirut. Its objective has been to attract international banks solely to do offshore business. Called OBU's (Offshore Banking Units) these banks pay a licence fee of \$25,000, but are otherwise encouraged by a liberal regulatory climate on such matters as taxation and reserves.

Communications are excellent, the bureaucracy is relatively unobtrusive, the geographical location is central, and Bahrain's shortage of oil wealth makes it a politically attractive centre for the deposits of some Gulf Arabs who might be reluctant to put them with their other, wealthier neighbours.

Despite a dire shortage

of accommodation—which seems at present to be the main constraint upon the issuing of yet more licences—banks have rushed to take up whatever licences have been available. Foreign exchange brokers have followed. The result has been that, within only 18 months, Bahrain has become a highly active international banking market with deposits at the end of last year which will almost certainly prove to be well in excess of \$5,000m.

International banks have been moving into other Gulf cities as well, but no other centre has made quite the concerted move of Bahrain to take advantage of the banking service requirements arising as a result of the vast new accretions of Middle Eastern wealth.

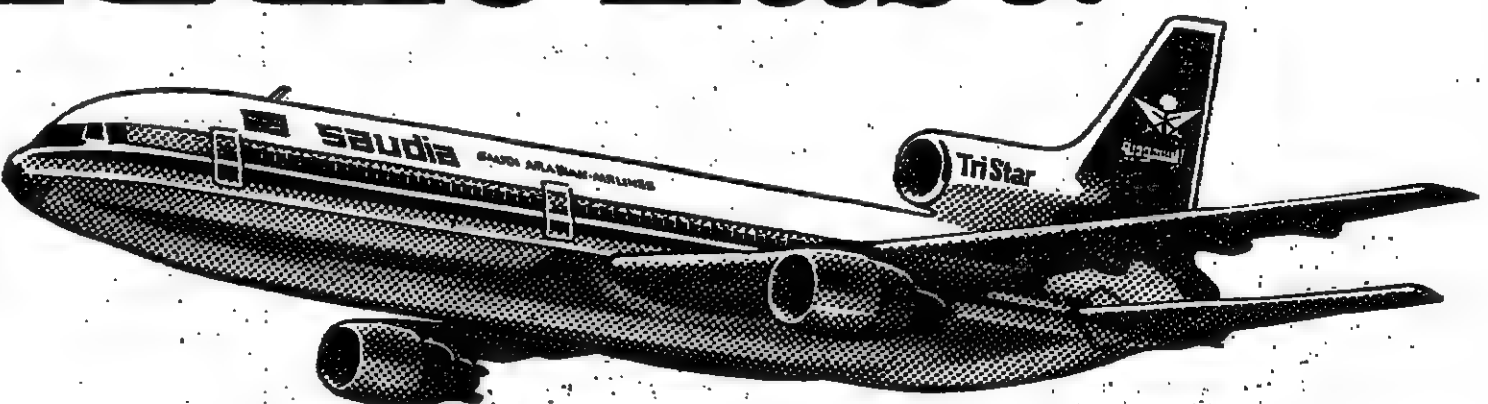
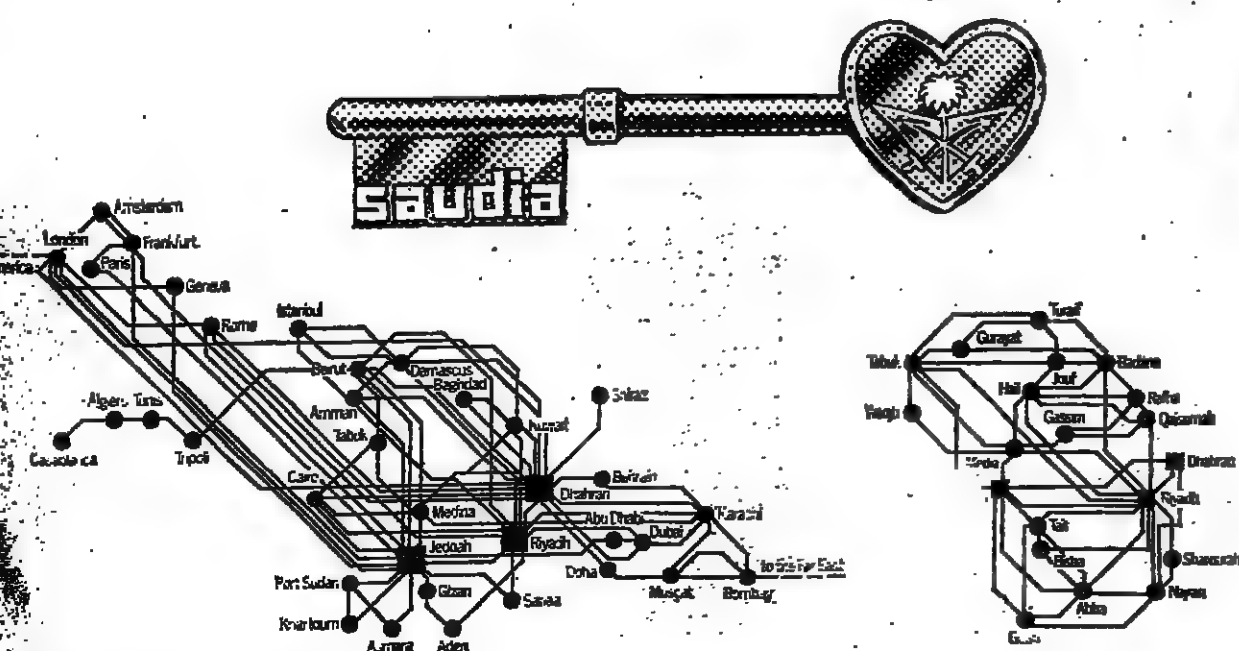
Egypt has been creating a much more favourable climate for foreign banks, re- admitting them under the 1974 "open door" policy. Two types of licences are obtainable, one to engage purely in offshore business and the other, in partnership with local banks, to participate in the domestic markets.

But although foreign banks have been taking up licences, the scale of their activity has not been great. Communications remain wretched, red tape is formidable, the labour laws are a real deterrent and, in the past, there have been serious obstacles to the freedom of currency flows.

The author is Deputy Financial Editor, The Times.



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AIRCRAFT		L1011	L1011	L1011	L1011	B707	L1011	L1011	L1011	L1011	L1011
LONDON	d	19.00	11.05	11.05	11.05	12.05	11.05	13.05	12.15	11.05	18.10
JEDDAH	a	04.10	21.45	21.40	21.45		20.15		22.50	20.15	
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City skills find role in ambitious financial plans

by Ronald Pullen

the Saudi Arabian Monetary Authority investment side.

It has taken the City of London more than 200 years to establish its position as the leading international financial centre. Paris, Wall Street, Singapore and the other world centres have all reached their particular stations in rather less time, though none can offer the same breadth and depth of financial services that London can.

Now we see the countries of the Middle East—faced not simply with a wish to play some part themselves in recycling their oil surpluses but the need to build up their own financial structure to service ambitious industrialization plans—endeavouring to propel themselves into the front rank in just a few years. If they are to have any chance of success, they will have to learn heavily on importing foreign financial skills. The City of London has not been slow to recognize this even if it has not blown its own trumpet quite as loudly as the construction industry, for instance.

It would, however, be misleading to suggest that the City was a complete stranger to the Middle East. Merchant banks such as Hambros, Morgan Grenfell and Kleinwort Benson have been quietly developing their Middle East business for the past 15 years. With close links forged in the old days of empire and the sterling area, Middle East countries have tended to turn first of all to London for advice and assistance in setting up their own fledgling financial institutions.

It was an Englishman, for instance, who helped to set up the Bahrain Monetary Authority whose move into offshore banking has been arguably the most exciting financial development in the Middle East recently. Again it was an ex-London Stock Exchange official to whom Kuwait turned six months ago when it decided it wanted to expand its tiny bourse. Until two years ago Abu Dhabi's portfolio investments were managed by Williams and Glyn's, while Barings still help to advise

More recently insurance companies have greatly expanded their operations in the area, money brokers such as R. P. Martin and Marshalls have set up shop in Bahrain; only the major clearing banks appear to have been slower off the mark and then perhaps because banking regulations in the Middle East, especially in relation to retail banking, have tended to circumscribe their spheres of operations.

And news at the end of last year that Barclays had been put on the Arab blacklist will have stunted its emerging ambitions to become a force in the area.

Nevertheless, the Middle East is not altogether the lure it often appears to outsiders. The existence of a large pool of money, which helped in particular to explain the rise of Zurich, for instance, as a financial centre, may be a necessary condition for success but it is hardly a sufficient condition and in many respects the Middle East lacks some of the critical requisites of a financial centre.

Communications in particular are poor except in Bahrain, availability of skilled manpower in the shape of lawyers and accountants is limited, and the Middle East working week runs only from Sunday to Thursday (or Wednesday afternoon when dealing with New York). Then, again, London groups considering setting up in the Middle East have to decide precisely where the base of their operations should be.

Priorities tend to be different

Middle East laws and customs also pose added difficulties for would-be providers of financial services. Muslim law, for instance, frowns upon charging interest, there are those countries which allow or operate state insurance monopolies while in most states, Kuwait particularly, local partners with 51 per cent controlling interests are the preferred route for importing foreign financial skills.

Equally important, though the Middle East is far from a homogeneous area when it comes to the sort of financial services required, their priorities broadly speaking tend to be rather different from other financial centres. At this stage in their development there is less demand for the sort of complicated project financing that merchant banks for example specialise in. With Arabs still inherently conservative in their investment patterns, funding of loan portfolios long term is still in its infancy though there has been a pronounced shift in the past year or so away from London and New York short-term deposits towards the Eurocurrency markets.

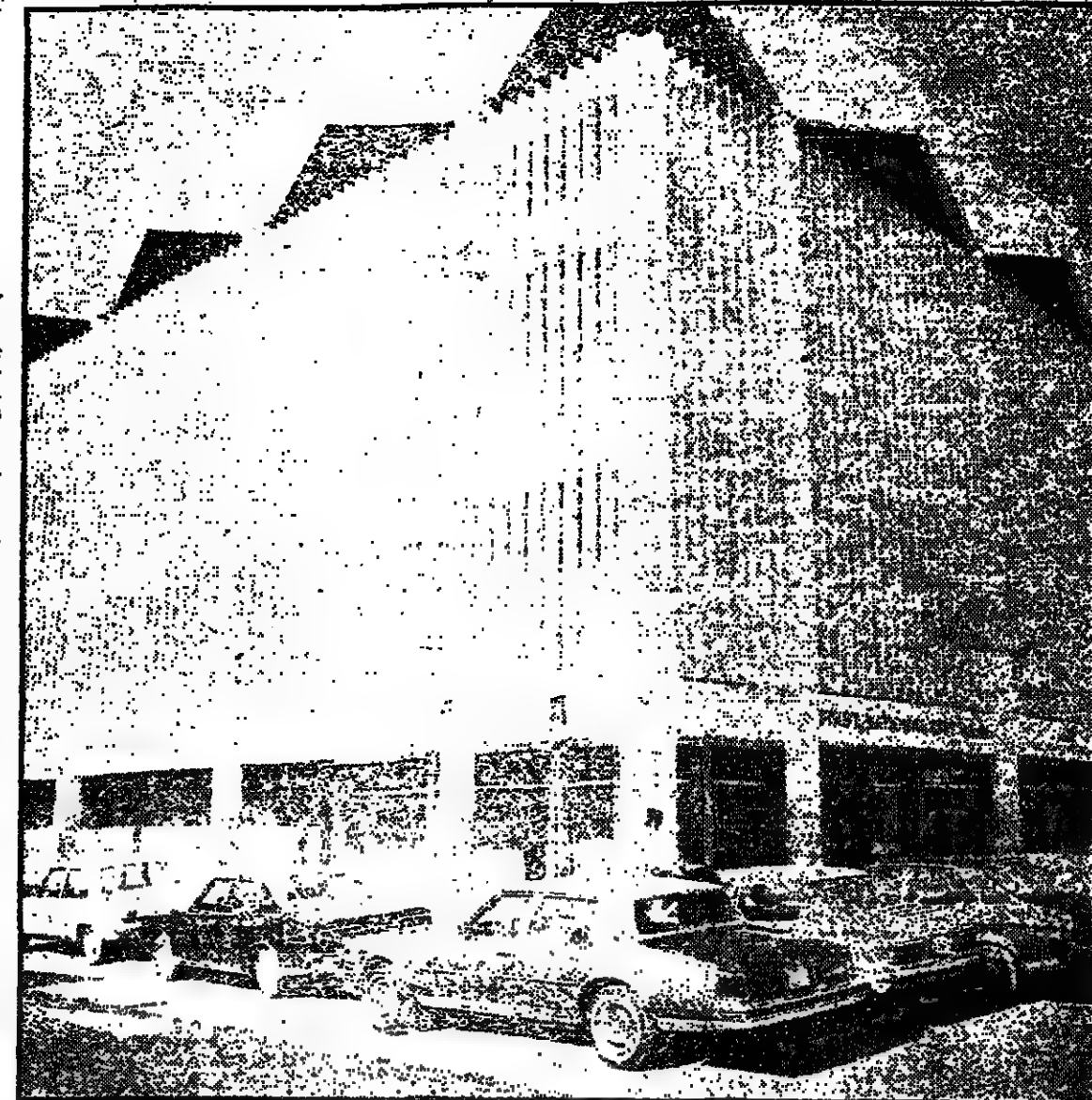
Commercial bank lending, too, is little developed and where it is, is usually in the hands of locally-registered banks. Foreign exchange dealing, however, is fairly near the top of their requirements because of the need to finance an ever-growing volume of imports and the wish to develop, among other things, a forward market in as many Gulf currencies as possible.

To date it has been left to the insurance groups really to assume their identity on the region chiefly through partnership with local groups. Last year, for example, the Prudential Assurance took a 25 per cent stake in Union Insurance of Dubai which was established in 1974 by local interests in association with British re-insurance brokers Maynard Reeve and Wallace.

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The First National City Bank offices in Bahrain.

The high level of British construction projects in the Middle East has probably given the insurance industry the main stimulus to develop. Along with the normal run of insurance risks—equipment insurance, public liability and employers' liability—the London insurance market's unrivalled experience in risk assessment really comes into its own in the very different conditions prevailing in the Middle East, which has ensured that even when business has been written locally much of it has flowed back to London.

Construction companies in particular have been especially keen to get as much insurance cover as possible to protect themselves against the penal clauses in Middle East contracts against late completion, while chronic port congestion all along the Gulf has boosted import insurance business.

Marine insurance, too, has grown after the Opec cartel's decision to operate their own tanker fleet and the Arab world's fast-developing ambitions in other areas of the shipping market.

Laws limit size of loans

Despite its financial ambitions, the Middle East has so far tended to discourage the sort of operations the large international banking groups go in for. In Saudi Arabia, oil revenues are substantial enough to preclude opportunities for medium-term project finance and when it is needed the Government, in the shape of the Saudi Industrial Development Fund, is on hand to provide it at 2 per cent interest.

Further, Saudi banking laws inhibit the size of loans that can be made while the fear of the Saudi authorities of seeing the rial play a role in the international economy has slowed down the development of an active foreign exchange market.

In contrast Kuwait has a fairly well-developed banking system, although local laws allow only Kuwait-owned concerns to operate as commercial banks. Yet even if much of the banking business in Kuwait is closely involved in financing trade, Kuwaiti names have recently started to appear leading and managing Eurodollar issues; and the number of expatriate advisers, many British, at all levels of the banking system from the Central Bank down is testament to the opportunities available.

It has, however, been left to Bahrain to add another dimension to Middle East banking with the establishment of its offshore banking units whose tax advantages have attracted more than 30 takers, including three British clearing banks—Midland, National Westminster and Lloyds.

The growing strength of Bahrain as an international money market is further emphasized by the decision of three money brokers to establish a base of operations there—R. P. Martin, Marshalls and Sarabex.

There is little doubt that in time the Middle East would like to attract more of the bulk chemical and oil markets located in Europe to reinforce its strategy of moving downstream from oil, in that London's commodity dealing skill would be especially welcome.

Opportunities for financial services in the Middle East, therefore, are plentiful, especially for British groups which not only have the reputation of the City of London to fall back on but have a head start from old-established connections. By the same token it is clear that they will need to move at the pace and in the direction the Middle East wants them to go.

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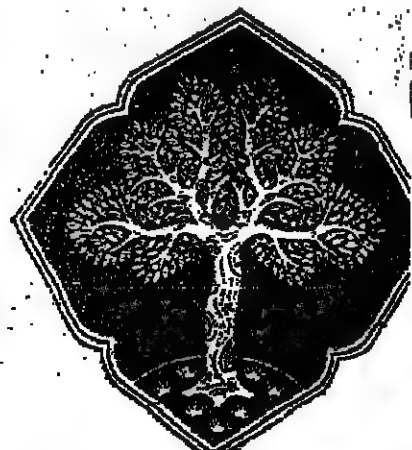
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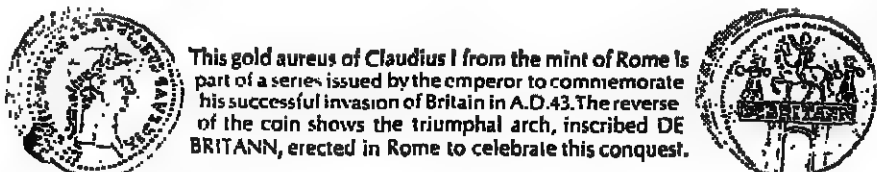
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This gold aureus of Claudius I from the mint of Rome is part of a series issued by the emperor to commemorate his successful invasion of Britain in A.D. 43. The reverse of the coin shows the triumphal arch, inscribed DE BRITANNIA, erected in Rome to celebrate this conquest.



The silver denarius with the portrait of Julius Caesar, who made two expeditions to Britain in 54 and 53 B.C., was struck at the mint of Rome in early 44 B.C.

The visit of the emperor Hadrian to the province of Britain in A.D. 120-121 was commemorated on a bronze sestertius issued by the Roman mint. The personification of Britannia, with her shield and spear, on the reverse of this coin appeared now for the first time as a coin type.

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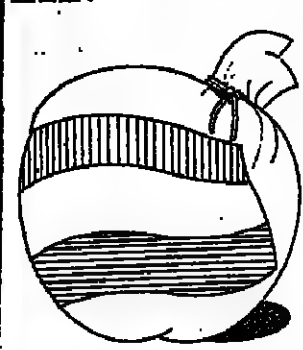
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IRAN



by Nicholas
Cumming-Bruce

Iran needs a quick agreement to end Opec's two-tier oil pricing. Many Opec members have suffered a substantial loss of oil exports since oil prices rose on January 1. None is feeling the financial effects as acutely as Iran. By the end of January, the National Iranian Oil Company was reporting losses from lower exports of \$6m daily and the Shah was raising the spectre of a \$7,000m deficit over the year if demand for Iranian crude were to drop. It almost certainly will, but by how much, and when? The difficulty of selling Iranian crude will be prolonged long after consumer stocks have ceased to depress demand if two-tier prices are maintained and Saudi Arabia increases its production.

Iran did not show much concern last year for the possible effects of consumer stockpiling in anticipation of the price rise. When interviewed in early December, Abol Majlis said the director of the Plan and Budget

Organization, did not envisage output falling below about five million barrels a day, and NIOC officials were talking complacently of selling more than a million barrels a day direct.

It came as something of a shock, therefore, when sales through the Consortium (Iran's main outlet) during the first nine days of January fell 35 per cent over the same period of December to 3,558,000 barrels a day and direct sales by 51 per cent to 651,000 barrels. Consortium production for the whole of January averaged 4,600,000 barrels, 24 per cent fewer than in December, but still up on January 1976.

The first nine days' results were enough, however, to prompt a major reappraisal of the expenditure planned under the 1977-78 budget. All new spending projects were to be shelved. Mr. Majlis announced on January 11, to allow completion of those already started. All foreign aid programmes were to be either cut back or eliminated. There was even a rather far-fetched suggestion that the six-year plan (1978-83), still in the early stages of preparation, would have to be revised.

But the loss of oil exports has serious implications for Iran's balance of payments since oil revenues still account for about 85 per cent of foreign exchange receipts. The balance of payments was already a source of concern when the deficit during 1975-76 from a surplus of \$5,000m the previous year.

No wonder, therefore, that Iran should try to mitigate the impact of dwindling oil exports by trying to put a share of its trade on an oil barter basis. Unfortunately, the proposition has been greeted less than enthusiastically by Iran's major trading partners and offers little prospect of relief in the short term.

Iran's predicament highlights how far the Government still has to go in ironing out the confusion which arose when infrastructural weaknesses combined with shortages of skills, materials and staggering oil revenues to undermine a big development push launched in 1974. Oil income during 1976 reached an estimated \$21,000m-\$22,000m which compares with under \$5,000m received from the same source in 1973. Even so, there was insufficient cash to cover the projects on which the Government had embarked in the intervening years.

Lengthy delays in payments to contractors by the Government became one of the major hazards of doing business in Iran as the authorities worked out their spending priorities. There were also difficulties in obtaining construction materials and other industrial commodities, inflation, price controls and port congestion.

Iran emerged with a much enhanced reputation for being one of the most difficult business environments. To those difficulties was added the uncertainty generated by the Shah's 1975 decree that 49 per cent of all foreign companies were to be sold to workers and the general public. That has also meant lower ceilings on foreign shareholdings in joint ventures. The programme has acted as something of a deterrent to

Shah feels pinch from loss of exports



Central Teheran: the city has a reputation for being a difficult place in which to do business.

foreign investment but it has also raised concern in the Iranian private sector about the scope it provides for government intervention.

The \$27,700m slated for expenditure under the budget for 1976-77 is sufficient to maintain a high level of economic activity.

The performance of productive sectors has, however, been uneven. Massive resources are being mobilized for industry, which benefited from investment totalling 235,000m rials (\$3,300m) during 1975-76 and growth is correspondingly high. It is likely to average out at some 19 per cent a year for the fifth plan.

But while labour costs are soaring, efficiency is low and Iranian industry still has to demonstrate that it can compete abroad without heavy government backing.

Agriculture has fared less well. Investment is lagging well behind targets and the official figure of 6.8 per cent real growth are viewed sceptically. The Government with one hand offers generous credits to some areas of farming but with the other pursues price control policies that make profit hard to come by and discourage investment. In the meantime, the need for more and increasingly costly food is rising fast.

Slower overall economic growth has affected the financial community less than other areas of the economy.

As oil-financed government support for the private sector diminishes, demand for alternative financial support is growing apace.

Capital market development is one possible alternative, but as yet the Teheran Stock Exchange remains a somewhat limited operation where most of the trading is in bonds and bank shares. The opportunities for banking developments are considerable, but it is seriously constrained by lack of skills and not helped by the atmosphere of competition rather than cooperation between banks.

The Central Bank has in the past 12 to 18 months been taking firm measures to try to contain the growth in money supply and take some of the excess liquidity out of the economy. Including tighter restrictions on credit. Access to foreign borrowing has been effectively denied most commercial banks by doubling to 30 per cent the legal deposit requirement. Some 45 per cent of non-sight deposits have to be invested in government bonds and the minimum reserve requirement for increases in these deposits stands at 15 per cent.

Redeemable rates have since mid-November stood at 9 per cent across the board. However, supply of commercial and specialized bank credit to the private sector during the first half of this Iranian year was up some 44 per cent over the same period of 1976.

The increase in specialized bank credit from 26 per cent in the first half of 1976 to 44 per cent in the first half of 1977 is a clear sign of the Central Bank's policy. The commercial banks have been asked to undertake much more long-term financing of business of quick return on capital.

The specialized banks therefore enjoyed a number of privileges, no exemption from deposit required on borrowing. It is to be noted that the Industrial and Development Bank, the Industrial Credit and the Agricultural Development Bank.

If there is still a demand for credit, the banks may be trying to make up for the lack of direct financing of the country's financial institutions. It is a part of the task of Iran off its dependence on oil revenues, and the biggest economic challenge it faces.

The author is on the Middle East Business Digest.

Land of mystery and prosperity

IRAQ



by Patrick Cockburn

With oil production estimated at 104 million tonnes last year Iraq is one of only two Arab states—the other is Algeria—which has both substantial oil revenues and a fairly large population. Whatever the immediate difficulties, this makes its economic prospects extremely favourable.

Proved oil reserves stand at 36,000 million barrels but the United States State Department estimates reserves at a possible 80,000 million barrels—almost triple the proved American reserves. There are also large areas of potentially cultivable land which can be made productive by irrigation schemes. Given these resources the 11,500,000 Iraqis live in an under-populated country.

For all this Iraq remains the least known of Middle Eastern states. It has an air of mystery for its Arab neighbours as well as for the West. Its history since 1958, when the monarchy was destroyed, has been both violent and complex, but today it looks increasingly stable. Unlike Syria and Egypt, this does not mean that the amalgam of socialism and Arab nationalism advocated by the Arab Baath Socialist Party, in power since 1968, has been watered down.

An attitude of unrelenting hostility towards Israel is maintained. And if the country is diplomatically isolated from other Arab states, it is increasingly being "increased by Syria's success in Lebanon—its political position has improved.

The Kurdish rebellion, which for so long absorbed Baghdad's military and political energies, was effectively ended when Iraq closed its borders to the Kurds after the Algiers agreement in March, 1975. Such economic and political liberalization as there has been over the past two years is a measure of the confidence of the Government. The economy is firmly controlled by the state and is likely to remain so. In 1974 the private sector contributed 31 per cent of Iraq's gross domestic product but by 1980, as important projects are completed, this contribution will fall to 15 per cent. Economic life is dominated by 15 important state organizations and the state companies they control. The private sector's role is limited and supervised, though in some areas, such as construction, it has done well out of the rapid increase in demand.

The five-year plan has been long delayed—it was meant to be published in April 1976—but its general form is becoming apparent. An estimated \$49,000m will be spent. This year's investment programme, which is part of the plan, showed an increase of 58 per cent over last year. As in Iran, the

Organization, did not envisage output falling below about five million barrels a day, and NIOC officials were talking complacently of selling more than a million barrels a day direct.

It came as something of a shock, therefore, when sales through the Consortium (Iran's main outlet) during the first nine days of January fell 35 per cent over the same period of December to 3,558,000 barrels a day and direct sales by 51 per cent to 651,000 barrels. Consortium production for the whole of January averaged 4,600,000 barrels, 24 per cent fewer than in December, but still up on January 1976.

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crease the money available to house purchasers.

The Real Estate Bank of Iraq has recently doubled its capital to \$550m. The role of local banks will increase as private income rises but they will remain a subsidiary element within the Iraqi economy. The crucial problem for Iraq remains the need to increase the numbers and quality of manpower.

The author is on the staff of the Middle East Economic Digest.



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How to cope when the oil runs out

centre rather more than a year ago was a move calculated to boost employment not only in the banking sector but to create jobs directly in the auxiliary professions such as accountancy and the law and indirectly to allow service industries and retailing in general to expand.

Construction and property have benefited hugely from the boom conditions prevalent in all the Gulf littoral, and capacity in this respect is severely strained at present.

Before the Second World War, however, Bahrain grew rich on oil, one of the first Middle Eastern countries to do so. Production reached its peak of about 70,000 barrels per day in 1972 and has since been declining, reaching an average of 39,000 bpd at the end of 1976.

The only large export refinery in the Arabian side of the Gulf is on Sitra Island, where well over half the total 300,000 bpd throughput is piped from the neighbouring Dammam fields in Saudi Arabia.

That is one of several examples of how Bahrain benefits from its proximity to Saudi Arabia and specifically to Saudi Arabia's developing eastern province. The very large Saudi natural gas reserves at Khuff were next to be exploited to supply cheap fuel to the energy-intensive Aluminium Bahrain (Alba) smelter.

Alba exceeded its rated target output in 1976 by producing a record 122,000 tons. The Gulf's largest existing industrial venture, Alba employs 2,000 people, more than 90 per cent of them Bahrainis, and the related extrusion plant due for completion next year will create still more jobs.

The 1977 budget released last month showed a deficit for the second year running of BD14m. Oil revenue for 1977 is projected at BD235.5m (£38.5m) and expenditure at BD249.5m (£39.6m).

Bahrain has long been a recipient of aid from other Arab oil-exporting states: aid amounted to 5 per cent of the budget last year. Many of the island's schools and medical facilities are financed by the Kuwait Technical Office, the Sitra power generation and desalination plant is being paid for in part by the Abu Dhabi Fund and the proposed causeway to Saudi Arabia is to be financed in its entirety by Saudi Arabia if it goes ahead. Bahrain's largest current project, the dry dock, is an OPEC venture.

It was against this background that the Bahrain Monetary Agency (BMA) took the decision to invite the world's largest banks to establish offshore units on the island to obtain maximum support from the plus-revenue states in the vicinity.

Landlords were the first Bahrainis to benefit from the arrival of the bankers, who found themselves in the position of having to pay for about BD15,000 (£2,500) a year for a three-bedroom house in addition to BD8 (£1,300) a sq ft for office space. An hotel room is not to be had for less than BD40

a night and is frequently not to be had at all because of the desperate shortage of accommodation, which is probably the single most important factor inhibiting Bahrain's economic growth today.

The construction of new office buildings, hotels and housing has created a large number of jobs but the construction industry distorts the longer-term picture of the employment situation.

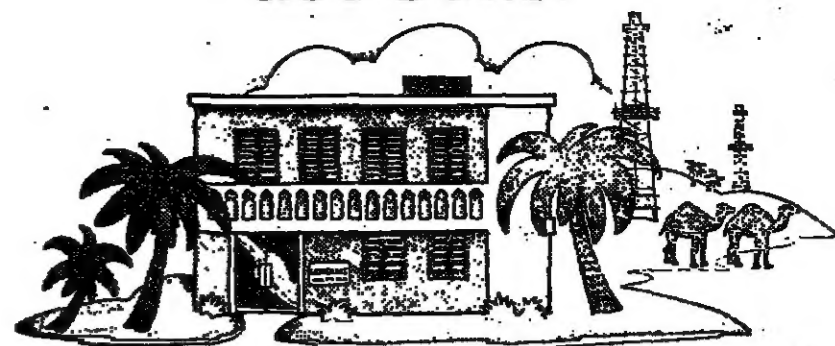
All the managers and executives who are employed by Citibank, are expatriates. Bahrainis are however, being recruited and trained conscientiously by the banks, and the BMA has expressed its wish to see Bahraini dealers operating within five years.

Apart from its principal international function of channelling liquidity from the surplus revenue countries in the region, the offshore banking unit concept is designed also to develop and improve financial skill at home.

Onshore bank transactions have been characterized by wide spreads and high interest rates on local Gulf currencies—a result of rapid outflows of these funds to other world centres and to some extent of the banks' deep involvement with property.

Now the example of and the competition from large international banks operating offshore is starting to bring down spreads and to improve techniques in general. It was partly with this end in view that the BMA has limited offshore licences to "quality" names and partly

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Racial harmony is key to success

mountable fact, enacting complex legislation to control immigration side by side with large labour-intensive projects requiring yet more immigrant workers. Sooner or later the dichotomy will have to be resolved either by choosing free immigration, plentiful cheap labour and the luxury of duplicated projects, or tight controls on immigration, higher labour costs and effective economic planning.

Although three of the emirates, Abu Dhabi, Dubai and Sharjah, are oil exporters and the other four are at varying stages of oil exploration, Abu Dhabi is the only emirate enjoying surplus revenue. Oil output of about 1,600,000 barrels per day last year is apparently to be increased this year in line with Saudi Arabia.

The two main operating companies are the Abu Dhabi Petroleum Co (ADPC), which has BP, Shell, Compagnie Française des Pétroles (CFPP) and American shareholders, and the Abu Dhabi Marine Authority (ADMA), which is a BP and Japanese concern.

They are 50 per cent owned by the Abu Dhabi National Oil Company (ADNOC) which, under the direction of Mr Mahmoud Krouha, of Algeria's Sonatrach organization, has become an umbrella for many industrial ventures in the public sector. Apart from a small domestic refinery opened last year, Abu Dhabi's first large industrial plant is due to start operating this month on Das Island, where two million tonnes a



Mr Mansour al-Oteiba, Minister of Petroleum and Mineral Resources for the United Arab Emirates, taking recreation.

year of liquefied natural gas will be processed for export to Japan.

Onshore a giant industrial city is planned for the Ruwais area on the coast, the cornerstone of which will be a petrochemical plant using gas from the three onshore oilfields, followed by other heavy industries. A total investment of \$6,000m to \$7,000m on Ruwais is envisaged over the next five years or so.

Little enthusiasm for private industrial enterprise has been shown by the Abu Dhabi commercial families to date.

Income from property, with rents at 100,000 dirhams a year for a three-bedroom house, is excessively attractive in a country where only citizens—a small minority of the population—are permitted to own land. Construction has long absorbed the largest proportion of bank lending and it is believed that several of the new locally-incorporated banks established since the 1975 moratorium on new foreign banks are heavily committed to property.

A close second is retailing: a merchant will collect many agencies and add very large mark-ups to the imported goods in a country where nearly all consumer requirements are imported.

Late in 1975, as one of a series of moves designed to improve the federation's internal prestige, Sheikh Zayed bin Sultan al-Nahyan of Abu Dhabi, President of the UAE, pledged half of Abu Dhabi's future revenue

from oil to the federal budget.

The surplus that remains after those contributions and the foreign aid from Sheikh Zayed's personal pocket and the Abu Dhabi Fund for Arab Economic Development is distributed by the Abu Dhabi Investment Authority which replaced the London-based investment board a year ago.

Dubai, the second largest emirate, is the UAE's commercial capital, a status resting on Port Rashid's capacity to handle imports destined for the whole country rather than on its 350,000 bpd oil production.

The 17-berth port is being extended to 37 berths in addition to the new port under construction at Jebel Ali. Dubai's future heavy industry area and site of the next airport. It is already mooted that Jebel Ali will require large numbers of new immigrant workers and that special immigration arrangements will need to be worked out to ensure their availability.

Dubai has long been a prosperous trading centre and is directed as such by the ruler, Sheikh Rashid bin Saïd al-Maktum, and a core of merchant families to whom he is always available. The 39-storey international trade centre, which has reached its twentieth floor, is seen as a facility which will enable Dubai to retain its entrepôt status.

Although trade absorbs the largest part of bank credit in Dubai, the city, like Abu Dhabi, is experiencing a

manis for construction and Sheikh Rashid actively encourages Dubai citizens of modest means to develop their land by building property for rent. Two years ago he created a 200m dirham property fund to extend interest-free loans to citizens for this purpose, repayable out of the rent received on completion of the building.

Last month Sheikh Rashid and Sheikh Zayed both announced new funds to involve citizens in property-based prosperity, in Sheikh Rashid's case by contributing 300m dirham (£43m) personally to a 1,000m dirham (£143m) fund to be opened to the public through the public subscription of shares, itself a new concept.

The timing of the announcement, on the same day as a Eurodollar loan and an ECGD-backed line of credit were signed for the construction and equipping of the aluminium smelter, may indicate the internal importance of bringing citizens as well as foreign companies more and more into the economy. Many Dubai merchants are entering into joint construction ventures with large overseas concerns, all of them British to date.

Sharjah, with 50,000 bpd of oil, is promoting itself as a financial service and leisure centre. Ras al-Khaimah, which will become an oil exporter before the end of the year, is the only emirate housing a major like an agricultural base.

Al Fujairah, Ajman and Umm al-Qaywayn are three emirates which have been affected by federal spending and are understandably strong federalists. Until the beginning of this decade individual families supported themselves in considerable poverty by fishing or goat-herding in an almost no-cash economy. All are now witnessing the construction of modern housing and health facilities and transport as well as oil exploration.

Budgeted expenditure on these projects amounted to 4,000m dirhams in 1976 (£570m). The economic and social effect has been the creation of jobs not only through direct spending but also through the expansion of Civil Service departments which have combined to reverse the flow of young people out of the small emirates.

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SAUDI ECONOMIC SURVEY

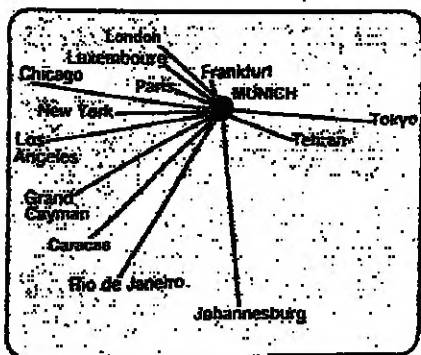
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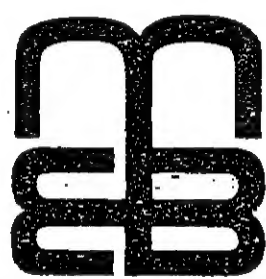
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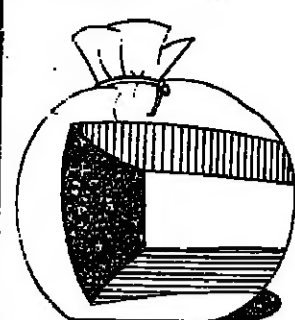
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Equipped to cope with comfort

KUWAIT



by David Blake

Of all the countries in the Middle East, Kuwait is perhaps the one which is best equipped to cope with the sudden upsurge in oil revenues which followed the increase in oil prices in 1973.

The country has long been known to have huge reserves of oil, which make it the third ranking oil state in the world after Saudi Arabia and Iran, both of which have much bigger populations. For a considerable period during the late 1950s and early 1960s, it was the Gulf's biggest producer, and the experience of surpluses which it then accumulated enabled it to develop a system of overseas investment to cope with handling surplus funds.

Domestically, too, the country has been carrying out some of the ambitious industrial and social development plans which could be no more than dreams for other oil producers before the rise in oil prices.

The result has been that Kuwait has been rather less affected than some other

countries by massive economic change in recent years. Income per head has shot up to £5,012 in 1974, compared with £1,471 in Britain, but much of the increase has gone into increased foreign investment and the buying out of foreign stakes in the country's oil industry rather than increased imports for consumption.

There is also a less frenetic air to the country's development plan than exists in some countries where the prospect of the oil running out is a real one. For with an estimated 70 or 80 years' supply still available, even at present rates of production, that prospect is remote.

By the time that happens, most Kuwaitis could probably live in great comfort off the earnings from their overseas holdings.

How large these overseas holdings are is not entirely clear but if state and private holdings are added together, then a figure of about \$20,000m would not seem improbable. Those holdings generate earnings of about \$1,000m a year, a sum which is rising fast but which already is worth some £600 a year for every man, woman and child.

The difficulty of running such large inflows to the community as a whole is above all that of labour. Labour shortages of all kinds have persistently held back economic development, and pose a threat to the achievement of the ambitious plans of the present development plan, which involves spending \$10,000m over the five years to 1980.

The biggest task facing the country in this period is

without doubt housing, which has been allocated some £2,800m in what is to be a crash programme to eliminate some of the worst shortages.

Housing is a particularly sensitive issue since some of the worst difficulties are faced by the immigrant workers who have been attracted in increasing numbers to keep the wheels of the Kuwaiti economy turning. They now outnumber native Kuwaitis, and their preponderance in the workforce at 74 per cent is even greater. This is because a high proportion of Kuwaiti citizens are too young to be part of the working population.

The industries which are being most strongly encouraged are the oil-related petrochemical industries. Not only do they have ready access to feedstock, some of which would otherwise be wasted, but they require great quantities of capital, which is available in abundance, and little of the scarce labour.

In spite of attempts to build up this industry, which is expected to absorb some \$3,000m over the next five years, production and the export of crude oil continue to dominate the Kuwaiti economy. Exports in 1976 were about \$8,500m, roughly the same as in 1975 but considerably lower than in 1974, when they were \$9,857m.

The drop was caused by heavy production cutbacks, which in turn were caused by a decline in demand in the West and the fact that Kuwait's oil is relatively expensive. Total production in 1975 was 749,637,000 barrels, compared with 929,400,000 barrels in 1974.

The fact that Kuwait relies so heavily on a state-owned asset for its prosperity means that the public sector is the most important source of investment and wealth. But there is also a very wealthy merchant class, and a small number of families control very substantial fortunes.

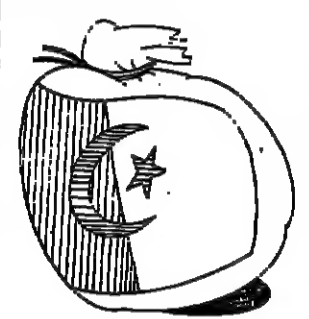
The need for this group to find investments has sparked off a property boom within the country and has also significantly affected the structure of banking in the country. Kuwait limits ownership in banks to Kuwaiti nationals, although there is heavy European and American involvement in management. There are six commercial banks in the country, all operating under the control of the Central Bank.

In addition, the Industrial Bank of Kuwait, also wholly Kuwaiti owned, provides finance for industry, often on excellent terms. The country's three investment companies, which operate in the Eurobond markets, are also wholly owned by Kuwaitis, with the traditional mix of government and private capital.

So far, foreign involvement has been restricted to an advisory or service role, with some of the world's leading banks setting up companies in Kuwait to provide services to Kuwaiti owned organizations. Kuwait's determination to restrict foreign investors to this rather limited range of activities has led to some criticism. Although there were signs at one time last year that this policy might be relaxed, such action now seems unlikely.

Big spending threatens development

ALGERIA



by Francis Ghiles

As befits a member of OPEC, oil remains Algeria's single most important hard currency earner, contributing 90 per cent of the country's export revenue. Production climbed to 51 million tons in 1973, declined in the next two years but picked up again in 1975. Some observers thought that Algeria was producing as much oil as it could in 1975 (43 million tons) but in retrospect that appears to have been a pessimistic view.

However, when the head of the state oil company Sonatrach recently forecast that Algeria would be producing 100 million tons of oil a year by 1985, many observers were sceptical. The only way such a forecast could be close to the truth is if Algeria made another important discovery: rumours have been rife in recent months but no official confirmation of a big find has been made.

Trends in future oil production are thus not clear but are important to know: indeed, income from oil exports provides the financial underpinning for Algeria's development effort. When oil production falls, as it did in 1974 and 1975, Algeria has to borrow more on the foreign capital markets or through export credits to realize the ambitious goals of its four-year \$27,500m development plan scheduled for completion at the end of the present year.

Over the longer term, Algeria is making a big

effort to build a gas export industry which will eventually replace oil exports.

Algeria's biggest gamble concerns natural gas, all the more difficult to pull off because of the highly complex technology involved. The size of the liquefying plant and the liquefied natural gas ships, not to mention the financing.

By far the largest contracts, six so far, have been signed with American companies; they provide for the shipping of 1,200,000 cu ft of liquefied natural gas by 1980. The United States Federal Energy Agency and the Federal Power Commission have not yet granted approval and will not do so for many months. The reasons are not hard to understand.

The United States needs gas badly; whereas world wide there is a surplus of oil and sufficient shipping capacity to deliver it, such is not the case with gas which supplies 30 per cent of all American energy needs and feeds industries for which substitute fuels are not suitable. The United States is running out of gas and there is not time enough to avoid a shortage by providing substitute fuels.

Against this pressing need one must mention bureaucratic delays, the divergence between government and industry and more basically the lack of any government policy, all of which are slowing down the decision-making process.

These delays are not entirely surprising: the authorities are afraid of becoming too dependent on one source of energy coming from one country. Furthermore, contracts would run for 20 to 25 years, not a length of time the authorities are used to. The problems of financing remain considerable despite the fact that Algeria has been able to borrow considerable amounts of money.

Last, but not often mentioned, many officials in Washington are afraid that Algeria will play politics with its gas. This seems unlikely on the face of it

because turning off the gas supply would be a ruinous proposition and a Algeria could ill afford it. The country's leaders are intent on building a solid industrial base and, however much they may pursue radical policies in foreign affairs, Algeria's economic interests remain paramount. The authorities do not mix business with politics.

The gas programme, however, is running 18 months late and export capacity is sure to be well below the target set for 1980, 48,600 cu metres. How far below can only be guessed: 50 per cent at least, say the pessimists, less say the optimists who point out that Algeria has pulled off some remarkable gambles since it became independent in 1962.

Because of its enormous expenditure on development projects, Algeria is short of cash and thus faces an uphill battle to maintain the high level of its development expenditure. The four-year plan was based on a price of \$16 a barrel for oil and oil receipts have been below this figure since 1974.

Meanwhile, expenditure requirements have increased—the cost of both food and capital requirements goes up all the time. Borrowing abroad has been on a great scale although it is easy to be alarmist: most of the money goes into capital investment and not consumer expenditure. Most modern economies have developed by borrowing money from foreign creditors.

The barriers to development are not peculiar to Algeria although the wrecked state of the country when the French left in 1962 has made matters more difficult. There are three important points. First there are bureaucratic restraints, which as any visitor to Algeria knows, can assume huge proportions and corruption is far from unknown.

There is a lack of trained manpower despite the considerable efforts made to educate young Algerians. Eighty-five per cent of the population was illiterate 14 years ago and time is short, especially when the country's

planners systematically buy the most advanced machinery they can find. Algeria's desire for self-reliance and control over its own affairs is very strong but too many consultancy contracts are handed out at highly over-inflated prices.

Finally, physical capacity restraints are severe: the rapid pace of building has resulted in the supply of cement, water and transport service often outstripping supply.

The cost of delays is well illustrated by the fact that the state shipping company Compagnie Nationale Algérienne de Navigation (CNAN), which will normally haul 50 per cent of gas in any deal, has had to lay up the 125,000 cu metres liquid natural gas container ship Ben Boulaid it took delivery of last autumn.

The lay-up costs are expensive: berth preparation (\$133,000, once only); monthly running (\$33,000) and recommissioning (\$330,000, once only). Another five ships are scheduled for delivery between August, 1977, and December, 1978. CNAN is reckoned to be the most efficient shipping company in the Arab world, an aggressively commercially minded one as its organization of trips to Mecca during the pilgrimage well shows. But if the gas programme is late, CNAN faces highly increased costs. CNAN says that during the early years interest costs could eat up 80 per cent of total revenues.

Hence the resistance of some bankers to lending more money to Algeria which borrowed an estimated \$1,000m on the Euromarkets in 1976. CNAN is negotiating a \$200m loan in London but has fiercely resisted any increase in the spread it paid last time, that is 1½ per cent over London Interbank Offered Rate. The company has been helped by declining rates but if rates were to rise, as they seem likely to do this year, bargaining could get really tough.

The author is a staff writer on Euro money and a specialist on North African affairs.

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Business recovery comes as surprise



by Cockburn

Induced by settings between the two sides, the Turkish Cypriots are beginning to agree on a solution will be a constitutional arrangement.

On top of this the Greek Cypriots had some luck. There has not been a really bad harvest since 1973 and last year the potato crop brought in £28m as prices in Britain, the main export market, soared. Then the civil war in Lebanon brought in 75,000 Lebanese who filled the previously empty hotels. Bona fide tourists from Britain began to come back.

Enormous difficulties remain. Until there is some sort of settlement it is unlikely that there will be substantial private investment from overseas. With Cyprus, where traditionally money is invested in land and property, long-term projects are still regarded with probably unnecessary caution by business. "Today capital is not moving, most of it is in current account," a leading Central Bank official remarked in the middle of last year.

There are also practical difficulties. Nicosia's airport is still out of operation, the road between Larnaca and Nicosia is cut and many businesses are absorbing the losses they suffered in 1974. Institutions like the Cyprus Development Bank suffered particularly badly.

But the war has made Cyprus more conscious of its position and advantages as an island close to Syria and Lebanon. In future the Cypriot economy will probably be increasingly oriented away from its traditional markets in Britain and Western Europe, towards the Middle East.

however, have of a small economy. The

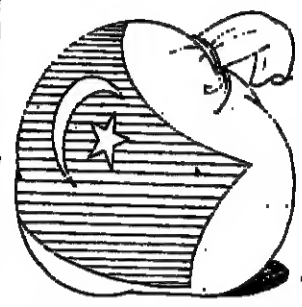
Muslim Comm



Some of Istanbul's 4,500,000 people. Unemployment plagues the Turkish economy as people leave the farms faster than industry can absorb them.

Two difficult years for odd man out

TURKEY



by Betty Yaser

Turkey is something of a phenomenon in the Middle East, fitting into no particular category. Although the population is mostly Muslim, it is a secular state and a republic. Turkey is also non-Arab and can only manage to meet a quarter of its crude oil needs from domestic sources. Geographically situated as a land bridge between Europe and Asia, with a 610km border with Russia, Turkey has least towards the West, is a long-standing Nato ally and is

seeking full membership of the EEC.

Turkey embarked on an ambitious industrialization plan in 1962 and has maintained a most impressive growth rate averaging 7 to 8 per cent, despite setbacks in agriculture. Per capita income is about \$380.

The industrialization programme calls for large-scale imports, which in most years has resulted in a foreign exchange deficit. But remittances from the million Turks abroad (reaching \$1,500m in one year) alleviate the deficit.

Exports are mostly of an agricultural nature, though more diversified and containing more manufactures than most Middle East countries.

Turkey has been affected by the oil crisis. Expenditure on oil took up more than 45 per cent of export earnings in 1976. The recession in world trade lowered the expected export growth, and inflation within Turkey has been greatly accelerated by increased world prices.

Inflation has been 15 to 25 per cent a year for the past few years and does not seem to be easing. Unemployment and underemployment plague the Turkish

economy as people leave the farms faster than newly developing industry can absorb them. The labour force also grows rapidly because of the 2.4 per cent annual population growth rate.

The past two years have been particularly difficult for Turkey politically and economically. It is striving to operate within a democratic framework despite coalition stalemates, but the conflicts within the Government have led to delays in making economic decisions.

The decision to intervene in Cyprus in the summer of 1974 resulted in an arms embargo by the United States, which put sharp pressure on the defence budget. It also tended to bring the Turks closer to the Eastern block, as witnessed by several economic agreements with the Soviet Union, Romania and Bulgaria.

Turkey has become friendlier with the Arab world, particularly Iraq, and with Iran. At the same time, relations with the EEC have deteriorated, partly because Turkey does not believe it has received the special concessions granted to third countries. Enthusiasm for

membership of the EEC has waned in Turkey.

The private sector is important in industrial production, but the state was the initiator of modern growth with the establishment of Sumerbank in 1935. The state soon set up several bank/holding companies which not only performed commercial banking operations but also had industrial subsidiaries.

These banks generally give specialized loans but compete with private banks for funds. There are 22 private commercial banks, six foreign and two small local banks. Branch banking is extensive with more than 4,420 branches throughout Turkey and abroad.

The use of banking services has grown steadily even though there is still no widespread use of cheques. Banks are subject to a special banking law and the commercial code. The Central Bank establishes the interest and discount rate structures, reserve requirements and other interfaces in other ways to limit credit according to plan targets.

The Central Bank also administers all foreign exchange transactions, leaving little initiative to banks. The Ministry of Finance sets the foreign loan and deposit criteria, restricting and releasing the flows as necessary. As a result the Turkish commercial banking system is not very flexible and banks often resort to non-price competition.

Foreign banks, restricted by the Banking Law, are not very active and foreign investment is small in Turkey. There is not much likelihood that foreign banks will be welcomed. Turkish banks have recently become more active in attracting foreign deposits with the reactivation of the convertible lira deposit accounts.

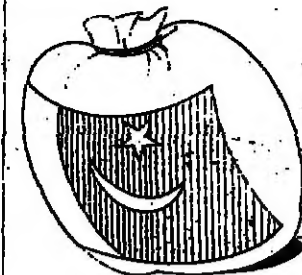
These accounts allow foreigners and Turks abroad to deposit foreign exchange with a guaranteed exchange rate and interest at 1.75 per cent net over the Euro-market rate. The funds can be lent by the banks in either foreign exchange or Turkish lira, thus creating credit flows in Turkey and a deposit of short and medium-term foreign deficit finance.

Turkey hopes to attract oil producers' capital eventually through the higher interest rate incentive, but in the meantime is attracting the capital of some foreign banks, individuals, and parent companies wishing to finance their Turkish subsidiary.

With the growth of the Turkish economy and its dealings abroad it is expected that the banking system will be given more flexibility to act on its own initiative. Evidence of this already exists.

Floods and pests cut back cotton crop

PAKISTAN



by Hasan Akhtar

Pakistan's predominantly agrarian economy is in transition with foundations being laid for heavy manufacturing industry and remunerative agriculture. The immediate outlook does not appear too bright but the diversion of a sizeable chunk of resources is expected to accelerate the pace of development when various projects initiated by government in industrial and agricultural sectors go into production.

Even three decades after independence Pakistan is heavily dependent on nature's bounties for its economic health. Favourable weather yields a rich harvest, foreign exchange earnings increase industrial production and the buoyant economy is reflected in greater economic activity and better employment opportunities whereas vagaries of weather can drastically and suddenly change the entire picture.

During the current year Pakistan faces prospects of its biggest deficit in its balance of payments because of a failure for the second consecutive year of the cotton crop, the country's principal foreign exchange earner. The expected gap of \$850m in foreign trade is expected to rise to \$1,000m because there were no exports of cotton. Cotton yarn and textile exports were expected to earn \$750m out of total exports of \$1,250m. Floods and pests destroyed hopes of a bumper cotton crop and, as against an estimated four million bales only 2,500,000 bales are expected. Two million eight hundred thousand bales are required for processing by indigenous industry.

An improvement in the

export of textiles, rice, leather, fish and carpets may reduce the gap to some extent. If this happens Pakistan could be lucky to maintain the level of the previous year's exports and a 7 per cent economy growth rate.

Fuel, food and fertilizer account for about 50 per cent of Pakistan's import bill. It is intended to cut down their import through substitution from domestic sources. The country has crossed the threshold of self-sufficiency in wheat and sugar. Steps are also under way to replace the import of edible oils costing \$120m, through the cultivation of oil rich seeds.

A crash programme for searching for oil has been launched and only recently efforts in this direction have been rewarded with the discovery of substantial oil and gas reserves valued at \$5,000m in the Derazhaz Khan district of Punjab. Foreign exploiters are being offered attractive concessions in oil exploration.

A large deficit in the balance of payments resulting from higher costs of imports, inflation and recession, coupled with natural disasters such as floods, drought and earthquakes, has been largely offset by the flow of substantial aid from consortium countries and oil-rich Islamic states. Foreign debt liability touched \$6,600m from \$4,000m four years ago. Opec also extended timely aid with the offer of about \$900m to meet the effects of the oil price rise.

Significant results have been achieved in the manufacture and export of heavy machinery. A heavy mechanical complex near Rawalpindi, equipped to manufacture sugar and cement plants, is making four complete sugar plants based on the latest techniques. The Rawalpindi complex built and shipped complete steel rolling and sulphuric acid plants to the UAE last year.

Pakistan has a small armaments industry, but only recently it was disclosed that the base for the armaments industry was being expanded so as to enable ordnance factories progressively to assemble and manufacture advanced military equipment including missiles, fighter aircraft, submarines and electronic devices. China and some East European countries with possible French assistance and Gulf states money are said to be helping Pakistan in building its armaments industry.

The Government's socialist economic programme and nationalization of all vital sectors of industrial production and finance have brought private investment almost to a standstill.

Foreign investment remained untouched, but in five years the Government took over from private control banks, life insurance, shipping, various agricultural-based industries and 10 key industries. In an effort to attract foreign private investment the Government formulated a scheme for a duty-free processing zone for exportable manufactures.

Commercial banks were nationalized in January, 1973. Banking, however, continues to be expanded. Rural areas and priority sectors are receiving an inflow of credit. Two thousand new bank branches have been set up to cover towns and large villages. In three years bank advances rose by 50 per cent representing Rs 10,350m. Bank deposits were at a highest level of more than Rs 29,280m with Rs 3,260m increase in the previous year alone.

Special financial institutions have also been operating to extend credit to industries in public and private sectors and to meet loan requirements of specific sectors such as agriculture and housing.

Portfolio of joint ventures grows

Prices keep exerting upward pressure although a slight improvement has been discernible lately. The portfolio of joint ventures with the Middle East and African countries has expanded vastly. Pakistan's concentration on obtaining financial assistance from these countries has yielded tangible results in securing Iranian, Saudi, Libyan and United Arab Emirates financial support in establishing fertilizer factories, petrochemical complexes, a refinery, joint shipping lines, a publishing house and a holding investment company.

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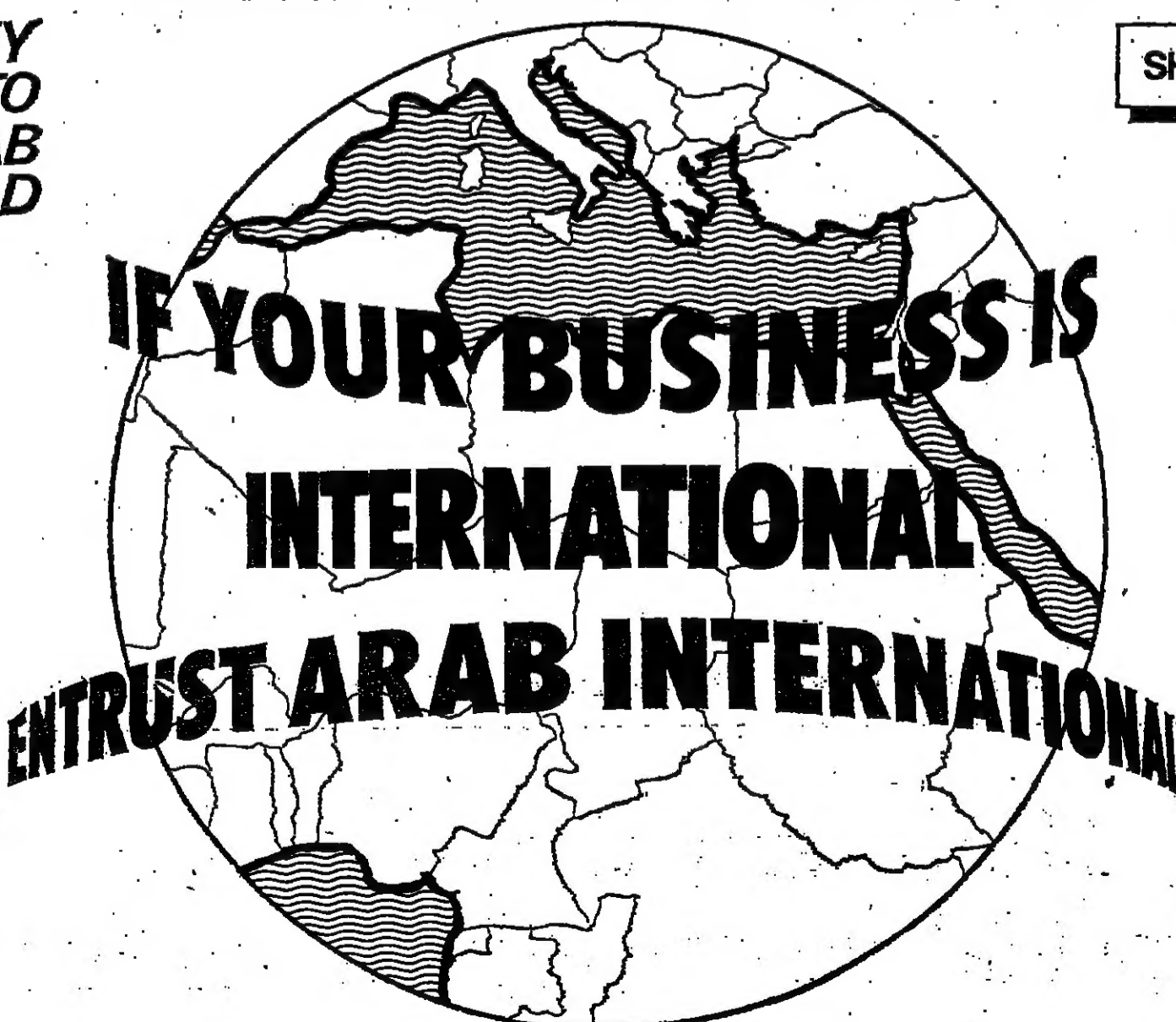


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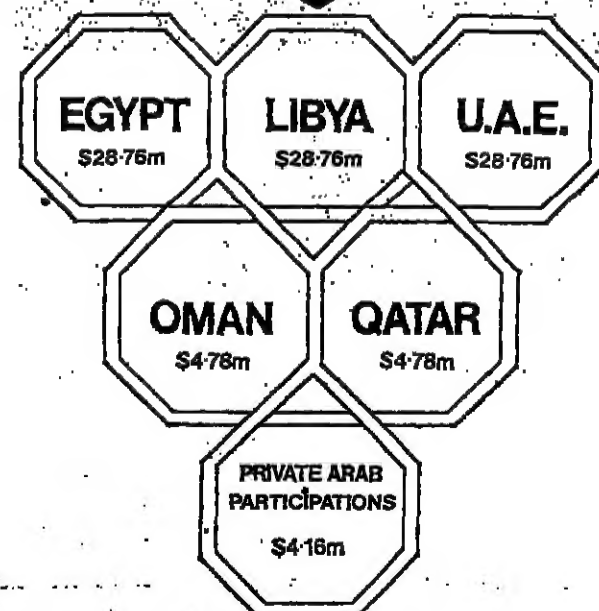
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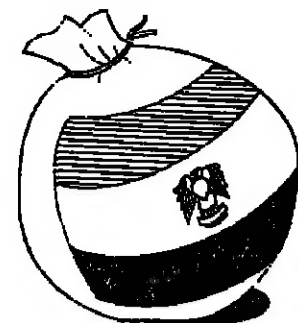
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RESERVES	—	18.90
NET PROFIT	1.11	23.22
TOTAL ASSETS/LIABILITIES	22.31	366.46

	\$ MILLION
CAPITAL FULLY PAID	100.00
RESERVES	50.00
DEPOSITS AND CURRENT ACCOUNTS	441.28
TOTAL ASSETS/LIABILITIES	647.69

Italian deal reflects change

LIBYA



by Atef Sultan

Speculation that Libya was going bankrupt came to a halt late last year after the decision by the Libyan Arab Foreign Bank (LAFB) to invest \$415m in the Italian firm of Fiat. The deal, which makes Libya the second biggest shareholder in one of Europe's largest companies, also represents the first significant move by a Middle East state to buy into the Italian industry.

It also reflects a drastic change in Libya's official investment abroad. Although Libya has been committing itself to some large investments in many of the African and Asian countries as well as in a number of European countries, it rarely invested in the West before the Fiat deal. The fact that the move was taken despite Libya's uneasy relations with Italy, since the expulsion of the Italians in 1970, has also added to its significance.

In 1975, Libya's current account recorded an unprecedented deficit amounting to \$483m compared with a huge surplus of \$1,766m achieved in 1974. After this, there was a serious cash problem, as bills presented by its foreign contractors were not to have been met in time.

The Government's decision, taken in January 1976, envisaging steep public expenditure cuts was also taken as an indication of Libya's weakening financial position. Libya's financial reserves are built up almost entirely from its trade surpluses. Although these showed some fluctuations during the past seven years, their values remained considerable. In 1970, Libya's trade surplus was put at £1,644m and this rose to £1,700m in 1970 but it declined to £1,623m in the following year. It rose again to £1,656m in 1973 and it reached its peak of £1,623m in 1974 as a result of the massive 1973 oil price rise. In 1975, it declined again reaching only £1,974m.

Libya's exports consist almost wholly of oil. Thus its trade surplus is almost completely governed by the quantity of oil sold abroad. Libya has been able to maintain a differential premium which it charged for its oil. Its light crude is not only conveniently close to the European markets and thus costing less to ship, but also of good quality and low gravity and of a fairly low sulphur content which means that it is cheaper to refine.

But this has not always worked in favour of its oil exports. After the steep price rise of 1973, some of the international oil companies found it cheaper to buy lower-cost Gulf oil which did not carry sulphur premium and consequently demand for Libyan oil had fallen back.

But the government policy of reducing oil liftings since 1971 has also been responsible for a sharp drop in oil exports, with a corresponding loss of income. Up to the end of 1975 (1973 extended), Libyan oil exports had consistently declined from its peak in 1970, when it reached 1,207 million barrels, to 793 million barrels in 1972 and to only 544 million barrels in 1974.

In early 1975 production was raised to one million barrels a day, but was almost doubled in the summer after price cuts were made. It fell steeply, however, in the latter months of the year, partly because of Libya's dispute with the American Occidental Petroleum Corporation, one of the biggest foreign companies operating in Libya, over concessions and liftings rates.

Although the 1975 production remained almost unchanged compared with the previous year, oil exports fell by a further 4 per cent in 1975. Despite a government decision to boost oil production to 800 million barrels during 1976, according to recent estimates, actual production stood at 700 million barrels. Although 12.5 per cent below target, this gave Libya's crude exports their first significant rise since 1970.

The recent increase in Libya's oil exports has also considerably improved its official international reserves which rose to \$2,900m earlier last year compared with \$2,355m reached in June 1975. In 1973, Libya's foreign reserves plunged to \$2,127m, the lowest since 1970, and that was said to have been caused by the large payments made by Libya to other Arab states during the October 1973 war.

Those payments do not appear in Libya's Central Bank accounts but the size of its net errors and omissions is believed to represent such transfers. Those transfers declined steeply since 1974 and a rapid recovery has been recorded since.

The fact that Libya is a rich country with a fairly small population (estimated at 2,700,000 in 1975) has meant that a large part of its financial surpluses could be channelled into development programmes.

Under its three-year development plan (1973-75), total investments amounted to £2,586m and remarkable economic and social progress has been achieved. By 1975, Libya's economy had become one of the fastest growing in the world and its per capita income during that year amounted to more than \$4,600.

In January 1976, Libya launched its biggest and most ambitious development programme, the five-year economic and social transformation plan extending to 1980. The plan envisages a total expenditure of £7,525m of which £1,520m will be spent this year. Massive agricultural and heavy industrial projects are included in the plan which aims at reducing the economy's dependence on the oil sector.

It is expected that up to 1980, Libya's gross national product will grow by 10.7 per cent a year leading to a real per capita income of more than \$6,000 by 1980. Obstacles to carrying out such an ambitious programme are considerable. Apart from the continuous rise in the price of imported capital goods, the country's communications and services present a serious difficulty.

But Libya's biggest difficulty is the serious shortage in skilled labour and administrative staff. Nearly a third of Libya's workforce is imported and it has been projected that Libya's need for foreign workers will increase considerably to reach more than 40 per cent of its workforce by 1980. Reliance on manpower from abroad involves not only economic and social factors but also political considerations whose future cannot be accurately assessed. It is therefore, the availability of manpower which will almost determine the prospects of Libya's development.

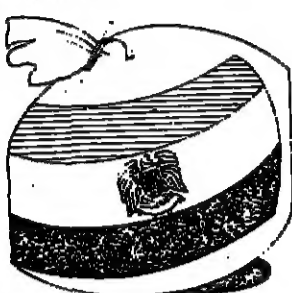
The author is on the staff of the Middle East Economic Digest.



Egyptian rioters protest at increased food prices. Left: police stand guard near the Interior Ministry in Cairo. Right: citizens watch what is left of and burnt car.

Looking at oases in a parched desert

EGYPT



by Robert Fisk

Exploring the Egyptian economy is rather like looking over a parched desert with few oases in sight. Across the swaths of sand and dunes, there are small, bright green patches of fertility which distract the onlooker from the wilderness all around. But a glance to the left or right reveals that the sand stretches to the horizon as far as the eye can see.

It is only fair, perhaps, to look at the oases first. There are three of them—blossoming, hopeful and productive oases. The most famous (and the most hopeful) is the Suez Canal.

When the Egyptians decided to reopen it most eco-

nomists believed that the project would turn into a financial disaster. Yet in its first year, the Canal Authority picked up £125m in revenue. Last year the projected revenue from international shipping was more than £261m and—although the official figures have not yet been published—American economists in Cairo regard the projection as accurate.

The second oasis is on the edge of the real desert. Two hundred miles south-east of Cairo on the edge of the Gulf of Suez, where foreign companies last year made three oil strikes which should increase Egypt's oil output from 290,000 barrels a day—the figure achieved at the Abu Rudeis fields vacated by the Israelis—to one million barrels a day.

The estimate is probably over-optimistic but the nation is now almost self-sufficient in oil and the Government plans to spend £1.75m in the next six years on oil exploration, further oilfield development and pipelines.

The third encouraging source of revenue for Egypt is its tourist industry. Last year just over a million visitors came to the country to see the magnificent ruins of the Pharaohs and to enjoy the beauty of the Nile valley

up in Aswan. About half of them came from Europe.

It is a slowly increasing sector of the economy, made no speedier by the destruction of one of Cairo's largest hotels—to make room for another—so that the Egyptian capital now offers fewer beds than it did two years ago. Add to this income the large but uncalculated resources from Egyptians working abroad who send much of their earnings home (250,000 for instance, are employed in Libya alone), and there the good news comes to an end.

The remainder of the Egyptian economy, as one western banker in Cairo described it, is "a shambles". Unable to honour all its debts, constantly seeking and to pay its way and appealing for the rescheduling of military loan repayments, Egypt had a budget deficit last year of almost £2,500m. It was in an attempt to make up this financial chasm that President Sadat approved the raising of basic food prices by as much as 33 per cent in January and brought about the most serious riots in Egypt's modern history.

Every year about half a million people are added to Egypt's 38 million population and the estimated 40 per cent who are employed work in industries which

cannot create enough exports to pay for food imports. Egypt has always had a deficit in its commodity trade balance and this existed even before the years of Nasser's carefully guided and unsuccessful socialist-nationalized economic policies. President Sadat therefore tried to create new growth by pushing this economy into reverse, opening the frontiers to western industrialization and investment.

What he got was the worst of both worlds. The Government loosened its grip on industry and introduced an investment law in 1974 which liberalized trade relations. But what poured into Egypt was not investment but western luxury goods—new foreign cars, washing machines, refrigerators and clothes which made the poor envious and the rich more conscious of their wealth.

The Government was committed to subsidizing food and to supporting the great mass of the population. Nearly nine million of them were crowded into the largely broken and sub-standard suburbs of Cairo that each year expand into Egypt's precious arable land. The trade deficit rose greatly and exports only marginally increased. Between 1973 and

1976, for example, there was a 50 per cent rise in exports but a 400 per cent rise in imports.

In desperation, Egypt borrowed abroad and printed more money at home. The current inflation rate is thought to be 50 per cent although the Government acknowledges only 35 per cent. Egypt now has a total debt (according to one leading foreign economist) of about £12,500m.

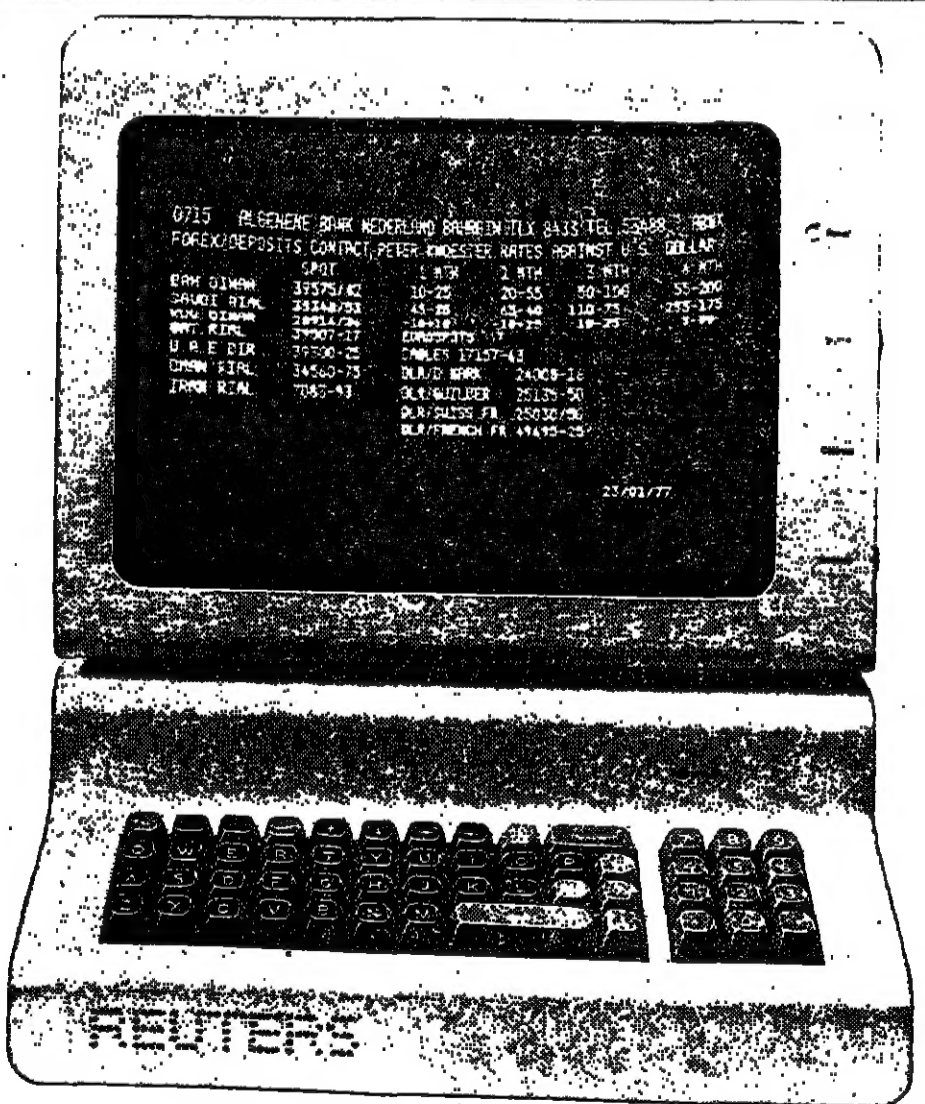
This is why Egypt has been trying vainly to persuade the Russians to reschedule the repayment dates of some of the enormous military debts incurred during Egypt's Middle East wars and why its economists are trying to make the investment laws more attractive to foreigners. They are doing this in two ways. First by unifying the multiple currency rates—tourist and official—for those creating employment, and second by granting a moderate tax holiday to investors.

They are also supposed to have cut red tape although there are bankers in Cairo who believe that Egypt's self-multiplying bureaucracy cannot be overcome so easily. Anyone who has dealt even marginally with Egyptian banks will know how bank- ing activities have become

bogged down in and muddled. The World Bank last year alleged that banks could not handle obligations days, few could meet it. The say that 10 days is a mum but it is a

Any foreign bank in Egypt must have an office here. It's a long-term banking. It's a cause so many I through Cairo. Egyptian financial all over the M British banks he the triangle of B rience, Saudi capi Egyptian location.

As many as banks have open representative offices. Only one has Four have full branches in the capital. Banks are not only by red tape for but reasons. There are in the Egyptian be fession who do i President Sadat's They do not wan investment.



Offshore banks in Bahrain will soon be in the picture

In the next few weeks the Reuter Monitor service will be extended to Bahrain. Leading offshore banks such as Algemene Bank Nederland, Citibank, Scandinavian Bank, and Banque Arabe et Internationale d'Investissement will install the system in their offices. Other leading banks and other institutions have also expressed interest in the service and are expected to subscribe.

At the touch of a button subscribers in Bahrain will be able to scan continually updated rates on the foreign exchange and other markets. The information will reach their video terminals 'live' from the European, Far Eastern and North American markets. Through the same terminal they will also receive highlights of the most important international news affecting the money markets. They will

be able to deal with up-to-the-minute knowledge of the market situation.

The Reuter Monitor is available in 17 countries. Bahrain is the first centre in the Middle East to be connected to the service. The service will shortly be available in Kuwait where it has been ordered by leading institutions. There is a strong market demand for the service in the UAE.

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REUTER
85 Fleet Street,
London EC4P 4AJ. Tel: 01-353 6080